THE WEATHER — PARIS: Monday, cloudy. Temp. 9-18 (48-64). LONDON: Monday, cloudy, possible rain. Temp. 8-17 (46-63). CHANNEL: Moderate. ROME: Monday, cloudy. Temp. 15-24 (59-75). FRANKFURT: Monday, cloudy with showers. Temp. 8-17 (46-63). NEW YORK: Monday, partly cloudy. Temp. 16-26 (61-79).

ADDITIONAL WEATHER — PAGE 29

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Senior Soviet Aide Rejects Call for New Kabul Regime

By Kevin Klose

MOSCOW, June 29 (WP) — A senior Soviet adviser has flatly rejected any international call to replace the Marxist Afghan government, although he concedes that it is highly unpopular. Replacement of the Soviet-installed Kabul leadership is a key part of recent U.S. suggestions for reaching a political settlement in Afghanistan.

"This is a non-starter which leaves no space for negotiations," Georgi Arbatov, a non-voting member of the Communist Party Central Committee and a senior authority on the Kremlin's relations with the United States, said of the suggestions.

"If you want to change the government, then don't speak about a peaceful settlement, please," he said in an interview with The Washington Post.

• Karmal re-stresses conditions for pullout. Page 2.

Mr. Arbatov also said that last Sunday's announced withdrawal of a division of Soviet troops and some tanks had brought an overall drop in Soviet military manpower in the country, estimated in the West at about 85,000. "The level of troops has declined. This isn't some game after others sneak in. It is an honest withdrawal," he said, adding that it should be seen as a gesture of the Kremlin's interest in a political settlement.

However, he left the door open for a possible future troop increase. "I hope [the withdrawal] is finite. It depends on how the situation goes."

Committee Session

Since the troops entered Afghanistan on Dec. 27, senior Soviet officials have had minimal contact with Western correspondents. Mr. Arbatov agreed to be interviewed after the Central Committee general session Monday, in which the committee took the unusual step of reviewing the Soviet Union's international situation and approving a resolution restating Soviet support of detente.

Everything that Mr. Arbatov said in the 80-minute interview made clear that Moscow had no intention of abandoning the military intervention that secured the Kabul government of President Babrak Karmal. He sought to minimize the Soviet action as a "local problem" that must not be allowed to disrupt the superpower dialogue over what he said are far more important matters, such as strategic arms control.

Mr. Arbatov spoke as head of the Institute of the U.S.A. and Canada, Moscow's main think tank on American affairs. He said the strong anti-Soviet mood in the United States had been abetted by the presidential race. It has "become much safer to run against the Russians in the election year. All in all, this is a serious situation which makes the United States a difficult

(Continued on Page 2, Col. 1)



United Press International

U.S. Secretary of State Edmund Muskie talks to reporters on Sunday at Yokota air base near Tokyo, where his plane refueled while taking him back to the United States from the Southeast Asian nations' summit meeting in Kuala Lumpur.

U.S., NATO Review Soviet Strategic Aims

By Drew Middleton

NEW YORK, June 29 (NYT) — A new perception of Soviet global strategy among U.S. and NATO military leaders is prompting a reassessment of plans for countering possible aggression.

A conviction is growing among senior military officers and defense officials in the United States and a number of Western European countries that the central and northern

NEWS ANALYSIS

fronts in Europe, where the largest and best-armed allied forces are deployed, are no longer the most likely points of attack. They say that the West must be prepared to meet smaller but important Soviet military moves elsewhere.

Senior officers argue that the 27 divisions and supporting air forces in Western Europe make up nothing more than a huge military camp pinned in place by 30 years of concern over a Soviet thrust to the English Channel. With or without a formal NATO commitment, they say, the West must consider setting up forces capable of dealing with Soviet movements into the Gulf area or elsewhere in the Third World.

The majority of these officers and officials say they believe that the Soviet Union could move into Iran, speculating that this could come in response to appeals from leftist political groups and the response would be justified under a 1921 treaty between the Soviet Union and Iran. The Tehran government has abrogated this treaty but Moscow has not.

Some say the Russians could try to move into Pakistan, giving them a naval base at Karachi, plus air bases that would more than offset U.S. use of a base at Diego Garcia and efforts to establish air and naval facilities in Kenya and Oman.

"If the Russians establish themselves in Karachi," a Chinese military analyst said, "they will be the masters of the Indian Ocean."

The North Atlantic Treaty Organization as such has done little to prepare contingency plans to deal with Soviet activity outside its area. There has been informal planning for protection of the oil-tanker route around the Cape of Good Hope from the Gulf to Western Europe and North America.

While they recognize the threat to Western Europe's oil supply, some West German, Belgian and Dutch military men oppose diversion of forces either from the central front in Europe or from reserve units designated for employment there in a crisis. They insist that thinning out U.S., British or French ground and air forces in Europe for service elsewhere would virtually eliminate any chance of prolonged resistance to a Soviet invasion of Western Europe and lead to tactical and probably strategic nuclear exchanges.

Other officers contend that a diversion of forces would be impossible politically simply because the Russians could "rattle the bars on the Berlin cage," imposing new restrictions on the movement of traffic into the divided city.

The parochialism of NATO extends to U.S. development of its "rapid deployment force" for use in non-NATO areas. Most European members fear that the force would divert U.S. troops from the central European theater.

There is a tendency among the smaller NATO countries to leave everything to the United States. At the same time, there is general recognition that NATO conventional forces have been weakened to the point where they may not be able to fight the 1½ wars envisaged in Washington planning.

Most NATO military men appear convinced that the present leadership of the Soviet Union would not embark on military adventures that carry the danger of nuclear war. But they add that what they see as a slight Soviet advantage in strategic nuclear weapons suggests that conventional operations could be launched with impunity against targets of opportunity in the Third World. As matters stand, the mission of meeting such operations would be left to the Americans, British and French.

"Perhaps the only thing that will wake our politicians up," an admiral from a small NATO member said, "is a visible movement in the United States toward a withdrawal from Europe and into a Fortress America concept."

Threat Seen in Cutoff Of Cambodians' Food

By Henry Kamm

KUALA LUMPUR, Malaysia, June 29 (NYT) — U.S. Secretary of State Edmund Muskie warned yesterday that the disruption of food supplies to Cambodians across the Thai border posed a "potentially explosive" threat, and called on leaders of governments to speak out on the danger of heightened famine.

Vietnam's two-day incursion into Thailand earlier last week has halted an international relief effort that since last year has supplied minimal rations for an estimated 1.5 million people in famine-stricken Cambodia.

Mr. Muskie, addressing a news conference at the end of a day of meetings with five southeast Asian foreign ministers, said there was "the possibility that in the next few day the problem of feeding people may escalate, even in dangerous ways."

The principal danger, in addition to the survival of Cambodians, is a massive flow of men, women and children to and across the Thai border in search of food.

Mr. Muskie endorsed a call by the governments of Thailand, Malaysia, Singapore, Indonesia and the Philippines for a more active role by the United Nations along the Thai-Cambodian border and urged intensified efforts to avoid what he called a disaster.

The UN Food and Agriculture Organization has halted its supplies of relief food with the outbreak of border warfare and the continuing tension.

Cambodia, with very little of its small harvest of the turn of the year left, is entirely dependent on international relief to feed its 5 million to 6 million citizens. Food provided to the Vietnamese-sponsored government in Phnom Penh has been distributed largely there and to civil servants elsewhere, while the bulk of the population, farmers, have had only what they could grow or find for themselves.

Food Mainstay

The border feeding program, consistently opposed by Vietnam and the Phnom Penh government as an act of nonrecognition of the new regime, was considered by Cambodians as the only relief effort that provided food directly and without discrimination to starving people. On a recent visit to Cambodia, it was evident that food delivered at the Thai border was the mainstay of survival for many people in the populous western provinces.

The Vietnamese incursion reduced the effort to a shambles. Perhaps 100,000 Cambodians squatting on the border to receive food were dispersed by the fighting. Many escaped into Thailand. Those who used to come from the interior to carry sacks of rice back to their villages have no place to go to.

Senior officials here consider the border situation so chaotic that they

(Continued on Page 2, Col. 3)

Thai Aid Program Is Example

Muskie Brings 'Show-Me' Style to State

By Don Oberdorfer

KUALA LUMPUR, Malaysia (WP) — Flying high above the sands of the Middle East en route from Ankara last Thursday, a State Department official presented his new and as yet unfamiliar boss, Edmund Muskie, the draft of a statement to be made in a few hours to Southeast Asian leaders gathered here.

Mr. Muskie didn't like it.

In standard bureaucratic fuzz, the planned remarks reassured Asia and the world that the United States would abide by its "security commitments" in the face of the Vietnamese military incursion several days earlier across the border of Thailand, a U.S. ally.

"What does this mean, security commitments?" Mr. Muskie demanded in the office cabin of the secretary of state's specially fitted Air Force jet. "Does this mean we go to war — or what?"

Aversion to Ambiguity

The veteran U.S. senator and former presidential candidate had a deep aversion, it seemed, to ambiguous words that might taken as serious promises. He demanded to know what actual resources were available from the United States to back up the flowing phrases of support for Thailand against threats from well-armed Vietnamese.

When Muskie was informed that an accelerated military aid program for Thailand was under discussion in Washington, but not decided, he balked completely. According to a participant in the airborne deliberations, Mr. Muskie declared, "I'm not going out there to mouth empty rhetoric."

The State Department officials, under Mr. Muskie's goading, began firing off urgent messages from the communications console of the aircraft to Washington.

There, officials of the state and defense departments and several agencies had to be consulted about substance — as opposed to words — for Thailand. Money is short in government these days, even for the beleaguered ally in a region where not long ago billions of dollars and the blood of Americans flowed freely.

After 12 hours of exchanging cables, a modest but tangible program for Thailand was approved by Washington, and a classified cable approving expanded aid for Thailand reached Kuala Lumpur minutes before Mr. Muskie's plane touched down from its 12-hour flight across the rim of Asia.

Show of Support

Four hours after landing, he informed Thai Foreign Minister Siddhi Savetsila of the expedited military equipment and supplies, refugee aid and other assistance offered by the United States as a show of positive support in the face of the Vietnamese military challenge. Thailand earlier had requested help.

Mr. Siddhi understood the significance of the quick response. "We really appreciate that the American government backed their commitment to our country, not by words only, but by action," the Thai foreign minister said at a news conference here.

The story of the Thai aid program tells something about the education of Mr. Muskie in his new job, and the education of the State Department to its new and inexperienced boss.

"The people working around him don't know it yet, but it was a typical Muskie performance," said a longtime aide.

The characteristic Muskie question, in this view, is "and then what?" According to aides, he is unsatisfied to know in any given situation the probable effect of his next word or deed, but insists on thinking ahead to the step that must be taken in reaction, and the next after that.

He is a careful man who likes not only to look but to weigh, argue and analyze before he leaps. It is too early to know how these traits will fare in an administration

(Continued on Page 2, Col. 3)

Signals Harder Line on Hostages

Bani-Sadr Admits Iran Hurt by West's Actions

From Agency Dispatches

TEHRAN, June 29 — Iran's economy has been hard hit by Western sanctions imposed at the behest of the United States, President Abolhassan Bani-Sadr said today. He also demanded more power and said that he has offered Ayatollah Ruhollah Khomeini a resignation letter.

But Mr. Bani-Sadr, in a separate statement apparently signaling a toughened position on the U.S. hostages, declared Iran "will live with the hostages" and said he has "adopted a line that the problem is not solvable."

The remarks concerning the hostages by Mr. Bani-Sadr, who has been regarded by the United States as one of the best hopes for winning freedom for the 53 captive Americans, came in a speech delivered Friday night and reported in Tehran yesterday.

Because Mr. Bani-Sadr and his aides were not immediately available to Tehran reporters for elaboration, it was unclear whether his speech did, in fact, represent a major shift in his stance. He has contended the hostage crisis should be ended as quickly as possible because it is distracting Iranians from the serious problems afflicting their country.

His statement said, "We adopted a line that the [hostage] problem is not solvable, because I think America has not changed its hostile policy and has not changed anything in it. The American thinks Iran is his private property … And it should remain American property forever. If they can't have it today, they want to take over Iran tomorrow, and [the United States] is using the [hostage] issue to add on her pressures in order to topple us from inside. So we are going to live here and resist. We will live with the hostages."

Trial Set for Hostage

Meanwhile, Marine Sgt. Michael Moeller, a U.S. hostage accused of seducing a a 23-year-old Iranian female student who was hanged by her brother in April, will be put on trial even if the Majlis (Iranian parliament) decides to release the U.S. hostages, a Justice Ministry investigator said today.

Sexual relations with an unmarried woman is an offence in Iran, and conviction can bring a jail term of up to 10 years.

The Iranian president said that Ayatollah Khomeini can make effective the standing letter of resignation whenever the ayatollah sees fit. This was an apparent response to a speech Friday in which Ayatollah Khomeini said that the government was moving too slowly to solve the country's problems.

"Any time I step out of the line of revolutionary and religious principles he may publish it," Mr. Bani-Sadr told the newspaper Bamdad.

Asked about the state of Iran's economy, Mr. Bani-Sadr said that he has been rallying audiences around the country to overcome the effects of the partial trade boycott imposed after the U.S. hostages were seized in November.

Mr. Bani-Sadr said European diplomats told him, "Americans promised them that within two to three months our economy would be paralyzed and that we would collapse. But, as you see, we have not

(Continued on Page 2, Col. 4)



AP

Abolhassan Bani-Sadr

Sadat Says Condition Of Shah Improved

CAIRO, June 29 (UPI) — President Anwar Sadat spent an hour visiting the deposed shah of Iran at the Maadi Military Hospital today and reported "great improvement" in his condition although he added that a minor surgical operation may be necessary.

Mr. Sadat said the shah was suffering only a "slight fever" and attributed his hospitalization to "complications" resulting from pneumonia.

He said that it was not caused by the lymphatic cancer that has afflicted Mohammed Reza Pahlavi, 60, for seven years.

The shah was taken to the hospital Friday. Mr. Sadat said yesterday that the shah was in "very serious condition" and cut short a trip to Alexandria and returned to Cairo.

"Yesterday, I had great concern but today, thank God, there is great improvement, really," Mr. Sadat said after his visit.

Apart from Mr. Sadat's remarks, a news blackout was clamped on the shah's condition and no medical bulletin was issued.

Mr. Sadat refused to discuss the nature of the operation that the shah may need, but insisted it will be a minor one.

The shah underwent surgery March 28 for the removal of a cancer-infected spleen. It was performed by Houston specialist Dr. Michael DeBakey four days after the shah left his refuge in Panama for Egypt. Tests conducted at the time showed the cancer had spread to his liver, and chemotherapy was prescribed.

In an interview published yesterday, the shah said that the treatment consisted of painful intravenous injections of certain chemicals, lasting half an hour each. The treatment was apparently discontinued when he caught pneumonia three weeks ago.

Shah Sees Communist Threat

CAIRO, June 29 (UPI) — The shah said that Iran is "creeping on its belly toward Communism" and will be the next victim of Soviet intervention after Afghanistan unless patriots move to overthrow the Islamic regime of Ayatollah Ruhollah Khomeini.

In an interview appearing in yesterday's issue of the magazine October, the shah said he believed the West would do nothing to stop the Soviet Union taking over Iran.

"If the chaos and disintegration prevailing in Iran now continue, the patriots loyal to us will not be able to take counteraction because Iran will become a Communist state at an astounding speed," he told magazine editor Anis Mansur, a confidant of President Sadat.

UN Deplores S. Africa's Move Into Angola

From Agency Dispatches

UNITED NATIONS, N.Y., June 29 — The UN Security Council has censured South Africa and demanded the immediate withdrawal of its troops from Angola after that nation charged that a large invasion force remained inside its territory. South Africa has denied the charges.

The council said late Friday that further violations of Angolan sovereignty by South Africa would require the United Nations to consider mandatory enforcement measures.

The United States, Britain and France, which tried in vain to water down the Third-World sponsors' draft, abstained, although they all denounced the South African action.

It was the second time in two weeks that the Security Council had condemned South Africa. On June 13, it unanimously condemned what it called Pretoria's repression of its black, Indian and mixed-race citizens.

In Johannesburg yesterday, Foreign Secretary Brand Fourie denounced the vote, saying that it strengthened the impression that the United Nations was not impartial.

"South Africa is condemned, but nothing is said of the people who cause all the trouble and nuisance, in other words, SWAPO," he said. The guerrillas of the South-West Africa People's Organization are fighting to end the South African administration of Namibia (South-West Africa).

Friday's resolution expressed the Security Council's grave concern at South Africa's "wanton acts of aggression," which, it said, formed a consistent and sustained pattern of violations aimed at weakening the support of the so-called frontline African states for guerrillas in Namibia and South Africa. In bringing its case to the council on Thursday, Angola charged that the South African incursion was launched from neighboring Namibia.

Botha's Letter

In a letter Friday night to the council president, South African Foreign Minister R.F. Botha rejected the charge of aggression. He said "the problems on the border" were the direct result of activity by SWAPO, which has bases inside Angola. The Angolan authorities were aware that any South African military action was aimed at SWAPO and not at Angola, Mr. Botha said.

William Vanden Heuvel, for the United States, said South Africa's attack was wrong, as was the continued presence of its soldiers in Angola. Sir Anthony Parsons said Britain could not condone the actions of the South African armed forces and condemned the resort to violence. Jacques Leprette said France was well aware of the seriousness of the situation in Angola, and said he feared the number of victims would increase.

According to Elisio de Figueiredo, the Angolan delegate, 370 Angolans were killed in the action, which he said began on Monday and was continuing.

Mr. Botha said the troops were pulling back and would all be out "within the next day or two."

Thatcher Unbending on Straitjacket Economy

By Leonard Downie Jr.

Layoffs, Business Failures Viewed as Signs of Success

LONDON, June 29 (WP) — Despite Britain's plunge into a deep recession, Prime Minister Margaret Thatcher is resisting increasing pressure to relax her harsh economic policies because she still believes they are the best way to reduce inflation and restructure the British economy.

The widespread layoffs, plant closings and business failures that have alarmed business and labor leaders are seen by Mrs. Thatcher as evidence that her policies are beginning to work. She believes that waste, inefficiency and dead wood are being squeezed out of the economy and that wages and prices also eventually will be forced down.

All at Once

Mrs. Thatcher, who with her Cabinet will be conducting a major assessment of the progress of her radical economic policies next month, told a group of American reporters this week that she was tackling "structural" British problems of dying industries, featherbedding and the expectation that pay will always keep up with inflation whether or not the economy expands.

"We had an accumulation of problems in this country which had not been fundamentally dealt with," Mrs. Thatcher said. "They are the structural problems of having tried continually to support dying industries at the cost of having inadequate resources for the growth industries.

"We are having in fact to run down some of the older [industries], to slim them right down. And because a lot of it has not been done in the past, a lot of it is coming all at once now.

"We have traditional overmanning and restrictive practices. At a time when you have to be competitive to survive, you can't just go on supporting these things if you're to keep your flourishing industries going."

Although she acknowledged that this "day of reckoning" was putting Britain through "a difficult time" just as it and most other major industrial nations were being hit by a recession and the latest round of oil price increases, Mrs. Thatcher remained more optimistic about the likely outcome than economic analysts, press commentators and business and labor leaders have been here recently. This week the serious British press was filled with such headlines as: 'Unemployment Climbs to Postwar Peak," "Prospects for British Industry Grow Worse," "Industry Enters a Coma."

Answering questions with eager self-confidence in a small, wood-paneled formal dining room at 10 Downing Street, Mrs. Thatcher insisted that her way was the only sound way to conduct an economy in the long run.

"The problem is to conduct it for long enough for the people to see that you mean what you say and to make it work."

She discounted warnings from labor unions of a confrontation with her government this winter if she tried to hold wage increases below the inflation rate and rejected pleas from business leaders that she quickly lower record-high interest rates that are squeezing them. Mrs. Thatcher appeared to regard their complaints as signs of the correctness of her policies.

She said that business leaders, who had been among her strongest supporters, were partly to blame for the high interest rates because they borrowed too much money to give larger increases in pay than they could afford or to put more money into stocks than was wise. "They want interest rates lower to make it easier for them to go on doing that," she said.

The problem with pay, Mrs. Thatcher said, was that "many of our people have come to expect an automatic increase each year of almost as much as whatever is the inflation figure."

She confirmed that she planned to try to keep down pay raises for government workers as an example for private industry, even if that appeared to her critics to be a departure from her philosophy of keeping hands off collective bargaining.

"Some people say to me, 'Ah, you've got a pay policy,' " she said. "Of course, I have. My pay policy is for the public sector to live within what the nation earns. It was called good housekeeping and living within your means long before it was called a pay policy."

Mrs. Thatcher played down the possibility of widespread strikes by government workers such as those during early 1979 that helped topple the Labor Party government of her predecessor, James Callaghan.

"That winter was a rather shattering experience for many people and particularly the trade unions," she said. "Because the whole of public opinion was massively against them, I think they'll think twice before they go through that again."

Mrs. Thatcher maintained familiar, unyielding positions on other issues as well. In contrast with President Valery Giscard d'Estaing of France, who said last week that he believed that the Soviet leadership was seeking a political solution to the crisis in Afghanistan, Mrs. Thatcher said: "At the moment there's total unwillingness on the part of the Soviet Union to withdraw all her forces.

"I see no signs of negotiation with Russia over Afghanistan. The fact is that [Afghanistan] is an occupied country, and the occupying power must withdraw [its] troops."

She said that Chancellor Helmut Schmidt of West Germany will "speak wholly for Germany and not for the West" when he confers with Soviet President Leonid Brezhnev in Moscow. "He's not going as the emissary of the West in any way," she said, although she added: "I have not the slightest shadow of a doubt that whatever he says, he will be a totally devoted member of the Western alliance."

Mrs. Thatcher also reiterated her doubts about a "North-South dialogue" on the "recycling" of Arab oil money to the world's hard-pressed developing countries.

Calling these concepts "jargon," she said: "There's no point talking about it in terms of recycling Arab money, which usually means putting it through a banking system and lending it [to countries that cannot afford to repay the money or the interest]." She said that the countries needed grants that only the Arab oil-producing nations could afford to give them.



AP

Margaret Thatcher

inside

Peru:

Special Section

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No More 'Aggression'

Karmal Re-Stresses Condition for Pullout

BONN, June 29 (AP) — President Babrak Karmal of Afghanistan has reiterated that Soviet troops will leave his country only after "the slightest remainders of foreign aggression and intervention" are abolished, according to an interview in tomorrow's editions of Der Spiegel.

Mr. Karmal, staying with the line his government has followed since Soviet troops intervened in Afghanistan in December, accused China, Pakistan and the United States of "a great international conspiracy ... with the goal of dismembering Afghanistan and dividing it up," the news magazine said.

"We prevented that with the help of the Soviet Union," he was quoted as saying.

Mr. Karmal denied reports of widespread student demonstrations in Kabul in April and May that were said to have resulted in scores of deaths. "Not 50 people were killed, but two, by provocateurs from behind."

He added, "Our enemies use hundreds of tactics against us. Now, for example, they are spraying our school children with poison gas. ... [E]lements of the Americans, the Pakistanis, the English, the Egyptians, the Chinese, especially the Chinese" were responsible for the gassings. "The bottles that we found had the inscription 'Made in USA.'"

'Sufficient Guarantees'

Of the Soviet troops, he said, "The limited contingent of the Soviet Army will go back again if the reasons for the aid action are removed. I would like to make clear, however, that before that the slightest remainders of foreign aggression and intervention must be abolished and we must have sufficient guarantees that no new aggression against our land will be undertaken."

Der Spiegel said that editor Dieter Wild conducted the interview with Mr. Karmal in German in Kabul. Mr. Karmal said he attended a German school in the Afghan capital for 13 years.

Meanwhile, Kabul radio said yesterday that Moslem rebels killed 14 persons in five provinces June 19 through 21 and have disrupted road and communication links.

According to a report in New Delhi, a reliable source in Kabul said that mutinous Afghan troops killed 10 Soviet soldiers and burned several Afghan and Soviet tanks June 20 at the base of the Soviet 4th Armored Division at Pol-i-Charki, just outside Kabul.

About 15 Soviet soldiers and 30 Afghans were wounded in the rebellion, and a large number of Afghans were killed, the source said.

Soviet Aide Rejects Call On Kabul

(Continued from Page 1)

partner. Ronald Reagan says bad things about us and President Carter does them."

With greater candor than has been heard in Moscow to date, Mr. Arbatov conceded that the Marxist leadership in Afghanistan is bitterly unpopular. "It is almost inevitable that revolutions make many mistakes, and here maybe they made much more than the usual amount of mistakes, which led to very serious disagreements."

But he maintained Moscow's line that the Moslem revolt in the Afghan countryside is supported directly by outside forces including the United States and China.

'Legitimate Conditions'

The Soviet demands that alleged external aggression and subversion cease before any full military withdrawal are "two very legitimate conditions," he said. "We don't plan to have permanent troops there. We don't regard Afghanistan as some sort of springboard for military incursions into other areas."

He reasserted the Soviet position that serious bilateral deterioration set in months before the intervention. "Salt 2 was almost dead," America had improved ties with China and was discussing arms deals with Peking, it had excluded Moscow from a Middle East peace effort despite a mutual pledge to work together, and Mr. Carter had decided to increase U.S. arms spending, Mr. Arbatov said.

"We already had arrived at a very bad juncture before this — we read the situation this way — and in my opinion this played a certain role in the Afghan decision. It had two meanings: to sustain the legitimate government and our security concerns."

Mr. Arbatov rejected the argument that increases in U.S. arms spending and the North Atlantic Treaty Organization decision to upgrade its nuclear missile forces were a response to continued Soviet military buildup. The important controlling point, he claimed, is the parity agreed to under the second strategic arms limitation treaty.

"It was agreed we shall have no superiority over each other. So no one has to complain about it. I don't think a single American general would like to exchange the geopolitical situations, the strategic arms, rockets and missiles of the United States for [those of] the Soviet Union."



Associated Press

From left, Robert Ashe, Richard Franken, Dr. Pierre Perrin and George Lienemann wait at Aranyaprathet, Thailand, for their ride to Bangkok on Sunday after they were released by Vietnamese troops who captured them last Thursday at an abandoned Cambodian refugee camp.

Threat Seen in Cambodian Food Cutoff

(Continued from Page 1)

can take no steps to begin to reconstruct the feeding program. They believe that there is a real danger that the Vietnamese, who are believed to have moved as many as 8,000 combat troops to the border, may attempt to seal access.

4 Westerners Freed

BANGKOK, June 29 (UPI) — Two American photographers and two Red Cross workers from Europe walked across the bridge separating Cambodia and Thailand to freedom today, ending four days in a Vietnamese prison.

George Lienemann, 31, of Los Angeles, and Richard Franken, 35, of Miami, were captured by Vietnamese troops on Thursday with Red Cross officials Robert Ashe, 26, of Britain, and Dr. Pierre Perrin, 36, of France.

"They're in good shape," a Red Cross spokesman said. "They came across the bridge at 11 a.m."

The four told reporters they did not know why they had been captured and did not know why they had been released. They were taken to Thai military headquarters for debriefing by Thai officials.

The four men were taken prisoner as they searched for wounded Cambodian refugees in the shattered, abandoned Nong Chan camp on the border, 150 miles northeast of Bangkok. The two Americans are commercial photographers and were gathering material for a photo album on refugee children for the United Nations.

Mr. Ashe, the son of a British clergyman, is a folk hero on the border and had frequently risked his life to help Cambodian refugees. Earlier this month, he was named a member of the British Empire on Queen Elizabeth's birthday honors list for his humanitarian work with the refugees.

Vietnamese Move on Guerrillas

ARANYAPRATHET, Thailand, June 29 (AP) — Vietnam sent more troops into guerrilla strongholds near the Thai-Cambodian border yesterday, the Thai military command said, in what could be the start of a major drive to crush the remnants of toppled Cambodian Premier Pol Pot's supporters.

Thailand says Vietnam's anti-guerrilla offensive, which began last Monday, forced the Thai military response when it spilled across the border into Thailand. Vietnam and Cambodia have accused the Thais of infiltrating Pol Pot guerrillas into Cambodia and of outright armed attacks into the country — provoking an engagement with Vietnamese soldiers to rally support for Thailand's anti-Vietnam position.

Vietnam has denied its troops crossed into Thailand.

Muskie Shakes Up State With His 'Show-Me' Style

(Continued from Page 1)

that has been famous, until this point, for overnight reversals and instant policies in foreign affairs.

In the case of Thailand and Southeast Asia, there was special reason for caution, arising from history.

In the mid-1960s, as the U.S. military buildup was beginning, Mr. Muskie and then-Senate Democratic leader Mike Mansfield traveled to the region and later warned in a public report that direct and heavy U.S. involvement would fail. President Lyndon Johnson did not listen, but spoke instead of historic U.S. missions and unwavering commitments, all of which later turned to ashes.

Mr. Muskie's method at this mission to the foreign ministers' meeting of the Association of Southeast Asian Nations involved a minimum of sweeping declarations and a modest number of tangible promises and actions.

More than his other ports of call since becoming secretary of state seven weeks ago — meetings of NATO allies at Brussels and Ankara, a meeting with Soviet Foreign Minister Andrei Gromyko at Vienna, the summit at Venice — the trip to Southeast Asia revolved around a new turn of events in which policy is malleable. In this case, Mr. Muskie was better able to exercise his preferences.

The Muskie-engineered U.S. response to the Vietnamese challenge was "very carefully calibrated," a senior State Department official said.

Mr. Muskie refused comment on the likely challenges in the region if the Vietnamese persist with their incursions, except to say that emerging problems of feeding Cambodians across an embattled Thai-Cambodian border create "a potentially explosive situation."

The evidence is that he has only begun to explore the contingencies and potential consequences.

By exploring too many situations in too much depth, and by challenging long-accepted practices, some State Department officials said, Mr. Muskie may be in danger of learning the hard way what others already know. There may be little time for that in a world in crisis.

But within the reach of his power in the job, Mr. Muskie appears determined to do things his way.

Bani-Sadr Says Iran Hurt By West's Trade Sanctions

(Continued from Page 1)

collapsed: We have accomplished certain things."

Despite that, he said, the inflation rate is rising and more people are out of work. "It is impossible to fight America, which controls all our vital channels, and at the same time to solve our economic problems with no unemployment and no rising prices," he said.

Mr. Bani-Sadr said Iran has benefited by being forced to buy less abroad, but the government faces a deficit because it has to buy more domestically.

Denies Responsibility

Responding to Ayatollah Khomeini's criticism of top government figures, Mr. Bani-Sadr said today that he was not responsible for the actions of government ministers since they were not his appointees.

Mr. Bani-Sadr, elected at the end of January as the first president in Iran's history, told the Pars news agency that he inherited the ministers from Mehdi Bazargan, who resigned as premier shortly after Islamic militants seized the U.S. Embassy in November and took 50 Americans hostage.

The ayatollah, in calling for a purge of all vestiges of the deposed shah's regime, has focused on the use of official stationery emblazoned with the symbols of the shah's reign.

Bureaucrats were busy today cutting monarchist insignia off old stationery, while others were stamping on temporary letter heads.

Mr. Bani-Sadr today told Pars that he had appointed Kazem Bojnourdi as commander of Iran's Revolutionary Guards. Mr. Bojnourdi's predecessor, Abu Sharif, offered his resignation June 16 after guards were criticized for firing into a leftist crowd during riots near the U.S. Embassy.

In other developments:

- Iranian jurists have called on Mr. Bani-Sadr to support their demands for freedom of the press, the Kuwaiti news agency reported yesterday.
- The Iranian Society of Jurists said that hundreds of persons had been "thrown behind bars for no fault of their other than bringing out and distributing clandestine publications." It said that Iranian press was faced with a severe danger.
- Japan will increase oil imports from Iraq to make up for the loss of Iranian supplies caused by an embargo by Tehran, the Mainichi Shimbun newspaper reported today.

Quoting government sources, the Tokyo paper said that an agreement will shortly be reached by the two countries to increase Iraq's annual oil supplies to 10 million tons from the present 7 million tons.

- U.S. officials acknowledged Friday in Washington that the United States was responsible for clandestine radio broadcasts aimed at undermining the Ayatollah Khomeini.

The programs, broadcast in Persian from transmitters in Egypt, appear to have begun in the middle of May, they said, and were set up by the Central Intelligence Agency.

Immigrants Held In West Berlin

BERLIN, June 29 (UPI) — Seventeen Jewish immigrants from the Soviet Union were arrested in West Berlin this week on suspicion of forging immigration documents, authorities said yesterday.

Sixteen of the immigrants had emigrated legally from the Soviet Union to Israel, and then had visas forged to make it appear as if they had come directly from the Soviet Union to West Berlin, authorities said.

The other former Soviet citizen was said to have belonged to an organization in the Soviet town of Riga that dealt with counterfeit visas.

West Europe Will Not Join Official Games Ceremonies

PARIS, June 29 (AP) — Western European national Olympic committees sending teams to the 1980 Summer Games in Moscow next month confirmed yesterday that they will not participate in the opening or closing ceremonies and will use only Olympic emblems.

"All of the national committees that have already taken a position on this point unanimously confirmed this decision," said Claude Collard, president of the French National Olympic Committee, after a meeting of 19 European committees.

He told reporters that four committees — Sweden, Greece, Austria and Denmark — have yet to make a final decision, "but the tendency is to rally to a common position."

The 19 committees participating in the meeting included those from West Germany and Monaco, which have decided to boycott of the Games in response to the Soviet intervention in Afghanistan.

Separation Stress

The countries confirming their decision not to participate in the opening and closing ceremonies and not to use national flags, emblems and hymns during the Olympics were Andorra, Belgium, Spain, Britain, Iceland, Italy, Luxembourg, the Netherlands, Ireland, San Marino, Switzerland, Portugal and France.

"The national committees of Europe confirm, once more, that the principle of participation cannot be interpreted as implicit acceptance of any ideology or of any political conduct," the committees said.

They will ask the Moscow organizing committee to furnish individual countries with a sign carrier and a flag carrier for the opening ceremonies, Mr. Collard said.

Olympic representatives at the meeting also expressed their desire to go ahead with plans to hold next year's Olympic congress at Baden-Baden, West Germany.

At a meeting in Lausanne, Switzerland, Soviet officials expressed their opposition to holding the meeting in a country that has decided to boycott the 1980 Games and proposed that the conference be moved to Prague.

"I am satisfied with the European unanimity on Baden-Baden," said Willi Daume, president of the West German Olympic Committee.

Press Center Opens

MOSCOW, June 29 (AP) — Moscow's main Olympic press center, which can accommodate 3,000 journalists, opened for business yesterday with a plea from Soviet officials for "well-intentioned" news reporting.

In ceremonies inaugurating the center — which, like all Olympic sites, stands behind a heavy security screen — Ignati Novikov, chairman of the Soviet organizing committee, expressed confidence that the Moscow Games will "help secure peace on earth."

"I hope that well-intentioned and objective coverage of the Moscow Olympics will help sports supporters around the world to experience the excitement of the Games," he said.

NINA RICCI
Before the presentation of the Autumn Collection
SALES
of Spring Collection Models
Boutique - Accessories
Hats
Wednesday July 2
from 10 00 a.m. to 6.30 p.m.
39, avenue Montaigne

Guatemalan Gunmen Raid Coca Cola Plant

GUATEMALA CITY, June 29 (UPI) — Masked men firing submachine guns wounded one worker and kidnapped two in an assault on the Coca Cola plant here, officials said.

Nobody immediately claimed responsibility. But men presumed to be extreme rightists earlier had assassinated three leftist union leaders at the bottling plant, a center of violent labor disputes for several years.

U.S. Maintains Neutron Policy Despite French

WASHINGTON, June 29 (AP) — The United States will not change its policy on the neutron bomb even though France is developing the bomb, according to David Passage, a State Department spokesman.

President Valery Giscard d'Estaing of France announced on Thursday that France had successfully tested the neutron bomb. A State Department representative in Washington said that the French test came as no surprise in light of the extensive public discussion in France over the last several months about the possibility of pursuing development of the weapon.

The weapon, formally known as an "enhanced radiation warhead" is a small warhead designed to kill people with mimimal damaging to property. It produces twice the deadly radiation of a conventional nuclear bomb but less than one-tenth as much explosive power.

Although the United States decided not to produce the neutron warheads, Mr. Carter ordered production of crucial elements used in making them.

Tass Rebukes France

MOSCOW, June 29 (Reuters) — The Soviet Union today delivered an indirect reproof to France for carrying out tests on the neutron bomb.

Tass quoted the French Communist Party Daily L'Humanite as saying that the existence of the controversial radiation weapon would raise the likelihood of nuclear war.

Tass also quoted Pentagon officials as expressing satisfaction at the French announcement, saying that it would now be politically easier for the United States to deploy the weapon.

OPEC Opening New Round of Price Increases

BEIRUT, June 29 (UPI) — A new round of oil price increases, the fourth since December, will begin this week, driving up gasoline and heating fuel costs once again, industry sources said today.

On Tuesday, Kuwait, Venezuela, Iraq and Libya will hike prices from 28 cents to $2.20 per barrel. Most of the increases had been announced previously at the mid-June OPEC meeting in Algiers.

Other member states of the Organization of Petroleum Exporting Countries, including Algeria, Nigeria, Indonesia, Gabon, Ecuador and Qatar are expected to follow suit soon.

Saudi Arabia, the world's leading oil exporter and producer of nearly 24 percent of the U.S. oil imports, and their fellow OPEC moderate, the United Arab Emirates, likely will hold the line for the time being.

2 U.S. Doctors Freed Following Seoul Detention

SEOUL, June 29 (WP) — South Korean authorities released two American doctors and put them on a plane bound for Japan after detaining them 24 hours for possession of photographs and statements about South Korean Army actions last month in Kwangju.

Horace Underwood, United Presbyterian Church representative in Korea, said that Drs. John Kim of Detroit and Glenn Gordon of Eugene, Ore., were detained just before they attempted to board a Braniff Airlines flight for the United States Friday evening.

The two doctors had visited South Korea, including Kwangju, at the request of the American church's general assembly, which expressed concern about arrests and injuries suffered by church members and other Koreans during last month's Kwangju uprising. The Presbyterian church has two million members in Korea, many of whom have been outspoken critics of government efforts to put down dissent.

Mr. Underwood said that the doctors were told by Korean authorities that they would be released quickly if they cooperated, which, he said, appeared to mean if they would identify the source of their materials.

Israel Has Plan for Troops

May Put Crimp In Mideast Talks

From Agency Dispatches

TEL AVIV, June 29 — The publication of an Israeli plan for the redeployment of troops in the occupied West Bank after the region becomes self-governing threatened to hamper the talks in Washington this week between Egyptian, U.S. and Israeli negotiators. They are to discuss the resumption of the negotiations on Palestinian autonomy.

The Yediot Aharonot newspaper published the plan on Friday, two days before the head of Israel's negotiating team, Interior Minister Yosef Burg, was to leave for Washington. Other news reports said Friday that an Israeli security expert would accompany Mr. Burg to Washington to present such a plan.

In Cairo, Foreign Minister Kamal Hassan Ali said that "the Israeli plan is in total conflict with the Egyptian position and the provisions of the Camp David agreements." His remarks were carried yesterday by the newspapers Al Ahram and Al Gomhouria.

Angry Reaction

In a radio interview today, Mr. Burg reacted angrily to the publication of the plan.

"Those who published these unfinalized details did something which should not have been done and in my opinion they deserve to be punished," he said. "We have not yet begun talking about the details of security with the Egyptians and the Americans. When we last parted, we had agreed to discuss the principles of security but not the details."

The plan calls for redeploying troops along a road network that would connect army bases and dozens of Jewish settlements to guard against terrorist attacks, Israeli reports said. One source said that there would be two main roads through the West Bank, one in what Israel calls Judea, the other in Samaria.

The security issue has been one of the most sensitive in the three-way negotiations. Israel says it needs total control over security to ensure it can protect its settlements in the West Bank — there are 64 now — and Israel proper against terrorist attacks. Egypt has insisted strongly on local control.

Relocation

Israel Radio said that the redeployment plan called for Israeli troops to move out of densely populated areas of the West Bank, in line with the 1978 Camp David accords, but to be relocated opposite population centers.

In fact, the Camp David agreement does not specify who is to be responsible for internal security but leaves it open to negotiation. It does specify a "strong local police force," but Israel is concerned that such a force, made up at least in part of local residents, could not or would not prevent Palestinian guerrilla attacks.

Egyptian President Anwar Sadat suspended the 13-month-old autonomy negotiations eight weeks ago, citing a bill in the Knesset declaring Jerusalem as the capital of Israel, continued Jewish settlement in the occupied territories and the "repression" of the Palestinians living there.

UN Resolution on Jerusalem

UNITED NATIONS, N.Y., June 29 (UPI) — Twenty-two Moslem nations submitted a resolution in the United Nations Security Council on Friday that would order Israel not to change the status of Jerusalem.

The introduction of the resolution ended four days of heated debate. Diplomatic sources expected a vote on Monday.

The six-point resolution insists that Israel end its occupation of Arab territories conquered in the 1967 war, including Jerusalem, and "strongly deplores" Israel's having ignored previous UN decisions on the city, holy to Christianity, Judaism and Islam.

Directed against the announced intention to move Prime Minister Menachem Begin's offices to Arab East Jerusalem, the resolution urgently calls on Israel to desist from measures affecting the character and status of the city.

Carter Aid Bill For Nicaragua Passes Senate

WASHINGTON, June 29 (AP) — Funds for President Carter's requested $75 million in U.S. aid to Nicaragua were approved by the Senate yesterday within a $16.2 billion appropriation bill.

The appropriation now must be approved by the House, where action was blocked last spring by opponents who asserted that Nicaragua's government is Marxist.

However, the House approved a separate aid request for Nicaragua earlier this month, indicating sentiment has changed and that the House may now approve the $75 million.

The aid includes $5 million in grants that do not have to be repaid and $70 million in loans for purchase of U.S. goods to rebuild the cities shattered by civil war and restore the country's commercial trade.

WORLD NEWS BRIEFS

Killer of Israeli Is Slain, Called Double Agent

TEL AVIV, June 29 (NYT) — An Arab who killed a security agent Wednesday and was himself killed last night by Israeli soldiers was a double agent, officials said today. Responsible sources said Bessan Mohammed Habash, 21, was an informer for the Shin Beth security service and had supplied information exposing a terrorist cell, but was also working for the Palestinians.

An official communique from the military command in Tel Aviv said he was shot to death in Nablus last night after he fired at soldiers. The military radio station said Mr. Habash lured Moshe Golan, his Shin Beth contact, to a rendezvous Wednesday and that Mr. Golan's superiors, who knew of the meeting, began an intensive search for Mr. Habash after the slaying of Mr. Golan came to light.

Balata, the refugee camp near Nablus where Mr. Habash lived, was placed under curfew and a search was conducted but Mr. Habash was not found. At about 10 p.m. yesterday, a mobile patrol in Nablus became suspicious of a figure moving through the street and ordered the man to halt. When he fired a pistol and fled, three soldiers chased and shot him. Only later was it learned that he had been the object of a manhunt.

Sudanese Leader Reported to Be Seriously Ill

FREETOWN, Sierra Leone, June 29 (UPI) — President Gaafar Nimeiri of Sudan, one of the West's closest allies in the Arab world, is seriously ill and has been flown to the United States for emergency treatment, African diplomatic sources said today.

Gen. Nimeiri left Khartoum for the United States yesterday for what the Sudanese news agency described as a routine check-up, but sources at a meeting of foreign ministers from the Organization of African Unity reported that the 50-year-old leader had a serious heart ailment and complications from diabetes.

"We know he is seriously ill, but they haven't told us any more," said a member of the Sudanese delegation at the OAU conference. Gen. Nimeiri's illness came to light with the disclosure that he would not attend the summit meeting of African heads of state due to begin in Freetown on Tuesday. He was expected to be hospitalized at least three weeks.

Russia Expected to Push Trade With Schmidt

MOSCOW, June 29 (UPI) — Soviet leaders are expected to try to concentrate on trade during their meetings with Chancellor Helmut Schmidt of West Germany and steer clear of Afghanistan and other political issues, Western analysts said today.

The Soviet press has heralded the visit of Mr. Schmidt, who was to arrive tomorrow, with propaganda in praise of the economic cooperation between the two countries, avoiding any mention of Afghanistan and the other tough issues, such as the East-West dispute over missiles in Europe.

The Kremlin has emphasized its view that increased trade will improve the climate of relations between the Soviet Union and West Germany. Mr. Schmidt has told the Russians that they cannot expect improved economic cooperation without an improvement in general political relations.

Police Seek Kidnappers of French Executive

CONFOLENS, France, June 29 (UPI) — Police investigators were seeking today to determine whether an extreme leftist group was responsible for the kidnapping of a vice president of the French Employers Federation.

In separate telephone calls to French news organizations, persons identifying themselves as representatives of Action Direct both claimed and denied responsibility for the abduction yesterday of Michel Maury-Laribiere, 60, as he was driving near his country villa here.

One of the callers said that Action Direct was demanding a ransom of $7.3 million and the liberation of 19 suspected terrorists who were arrested in March.

Botswana President Is Reported Incurably Ill

JOHANNESBURG, June 29 (AP) — Botswana President Sir Seretse Khama, 59, is suffering from an incurable illness in a London clinic and is sinking fast, his office announced tonight. The nature of the illness was not disclosed.

A message broadcast on Botswana radio said that the acting president, L.M. Seretse, had been informed by doctors in London that the president "is suffering from an incurable illness and that his condition is deteriorating rapidly. It has therefore been decided that he should be brought home as soon as possible."

Sir Seretse, who has ruled Botswana since it became independent in 1966, left Gaborone on Monday. His office announced then that it was expected he would be in London for treatment for about 10 days. Sir Seretse has been ill several times in the past year and was hospitalized in neighboring South Africa.

Iranian Actions Stir Fears Of Rise in Anti-Semitism

By Linda Charlton

NEW YORK, June 29 (NYT) — An Iranian Jew was executed early this month on charges that included links with Israel; several members of an Iranian Jewish family were given long prison sentences last month on charges that included "creating a spy center" for Israeli agents.

U.S. Jewish organizations have expressed fears that the execution of Albert Danielpour and the conviction of four members of the Berookhim family may signal a new wave of anti-Semitism in Iran.

Danielpour was charged with the murder and torture of factory workers and cooperation with the Central Intellience Agency as well as importing money from Israel and "cooperation in establishing the state of Israel."

The four members of the Berookhim family, who were hotel owners, were charged with close relations with the regime of the deposed shah, Mohammed Reza Pahlavi, and cooperation with Savak, the shah's secret police, as well as possessing Israeli coins and providing accommodations for Israeli pilots. They were reportedly given sentences of up to 15 years.

Letter to Bani-Sadr

The trial of the Berookhim family prompted a group of young Jewish intellectuals in Tehran to write an open letter to President Abolhassan Bani-Sadr charging that discrimination against minorities, "especially against Jews, is being strongly felt."

According to a translation made available to The New York Times, the Jewish intellectuals — who identified themselves as strong supporters of the Iranian revolution — asked that the authorities "think twice" about the treatment of Iranian Jews.

It is believed that 50 to 70 Iranian Jews are in Iranian jails, many on charges that include some reference to Israel. The government's hostility to Israel grows out of the good relations between the two countries during the shah's reign, when there were unofficial diplomatic and commercial contacts. In addition, the Palestine Liberation Organization was an early supporter of the Iranian revolution.

In May, 1979, after the execution of a Jewish businessman on charges of corruption and of aiding Israel, Ayatollah Ruhollah Khomeini told a delegation of Iranian Jews that Jews would be treated fairly under the revolutionary regime.

The Iranian Jewish population, which has a 2,500-year history, has been reduced to 50,000 from perhaps 80,000 at the time of the shah's overthrow.

An Iranian Jewish businessmen who has lived in the United States since 1976 and who keeps in touch with Iran by telephone said in an interview that Jews should leave Iran "as soon as possible." The main problem, he said, is that Iranian Jews have run into visa problems because they want to go to the United States, not Israel.

Jews have been free to leave Iran, although it is unclear what assets they can take. There are reports of a blacklist at Tehran's airport.

The businessman produced a mimeographed sheet of paper with 15 lines of Persian writing on it. He said it was placed under the doors of Jewish homes and businesses in Iran. A separate sheet of paper that he said was the translation warned Iranian Jews: "Leave this land as soon as possible; otherwise, every Jew, young and old, will be massacred and your wealth will be looted."

Injury, Attempt Against Assad's Life Reported

LONDON, June 29 (UPI) — President Hafez al-Assad of Syria was slightly hurt in an assassination attempt in Damascus on Thursday, according to reports reaching London yesterday.

The British Broadcasting Corp., in a dispatch attributed to diplomatic sources, said an unidentified man threw a bomb at Mr. Assad's car as he was accompanying visiting President Seyni Kountche of Niger to the Syrian capital's airport.

Mr. Assad's foot was injured but he was otherwise unhurt, the BBC said. The incident was not reported in the Syrian press, which is censored, but the BBC said its information came from reliable diplomatic channels. The Guardian newspaper also reported the incident in a dispatch from Beirut.

The assassination attempt was presumed to have been carried out by Syria's terrorist underground, The Guardian said. In recent months there have been strikes and riots in Aleppo, Syria's second-largest city, and the government has blamed the unrest on Moslem extremists.

Mystery of Russian Anthrax Outbreak Hampers Future Germ, Arms Treaties

By George C. Wilson

WASHINGTON, June 29 (WP) — The future of U.S.-Soviet arms-control agreements is being further clouded by deepening suspicions that the Soviet Union has violated an existing treaty banning the production of germs for warfare.

The suspicions were aroused and subsequently confirmed to varying degrees by the April outbreak of deadly anthrax in Sverdlovsk.

The U.S. intelligence community has concluded that between 40 and 1,000 Russians died at Sverdlovsk by breathing anthrax, rejecting the Soviet claim that the people who died ate meat poisoned with anthrax.

Several germ warfare experts within the Defense Intelligence Agency have concluded that so much anthrax was being produced at Sverdlovsk that it could only be intended for "offensive" use, not for laboratory research on how to defend the country against the deadly germ.

Public Judgment Withheld

Neither the agency nor any other U.S. intelligence group is willing to make a public judgment to that effect yet.

Politicians who have supported U.S.-Soviet arms-control agreements in the past are warning that new ones will be hard to sell to Congress unless the whole story of Sverdlovsk comes out.

Sen. William Proxmire, D-Wis., in the forefront of this group, is demanding that the administration make an international issue out of Sverdlovsk by bringing it before the United Nations.

President Carter is reluctant to do that, as evidenced by a letter Deputy Secretary of State Warren Christopher sent last week to Sen. Proxmire.

After telling Sen. Proxmire that the administration had "raised the issue twice" with the Soviet Union and "made clear to them that we are dissatisfied with their responses to date," Mr. Christopher wrote:

"Because of the gravity with which we view this issue, we are making special efforts to insure that it is dealt with in the most serious fashion, and not treated as a political ploy with which to embarrass the Soviets. This is crucial if we are to persuade both the Soviets and the international community that our concern is genuine."

In discussing Mr. Christopher's letter, Sen. Proxmire said he was disappointed that the State Department was not more aggressive.

"Nothing is quite as horrible as germ warfare," the senator continued, "and the world should be told of Soviet perfidy. If the Soviets have cheated on an important international treaty, we need to know it now rather than later when it might be too late."

The treaty at issue is the 1975 Biological Weapons Convention, signed by the United States, the Soviet Union and 111 nations. It bans the production or storage of biological agents beyond what is needed "for prophylactic, protective or other peaceful purposes ... "

Since April, U.S. intelligence agencies have been trying to figure out how many spores of anthrax it would have taken to kill the Russians who died at Sverdlovsk.

If it is proven that the Soviet Union is indeed stockpiling anthrax in preparation for wartime use, should the Pentagon follow suit and develop this germ warfare capability it abandoned?

The view at the policy level is against this because anthrax and germs like it are too difficult to manage on the battlefield. The better response to Soviet stockpiling would be to develop defenses, including clothing and injections.

How Much Anthrax?

Since the 1975 treaty does not specify how much anthrax constitutes a violation, it would be difficult, given Soviet secrecy and scant U.S. intelligence on the accident, to prove Moscow went beyond developing agents for peaceful purposes at Sverdlovsk, administration officials said.

But if the congressional preception continues to grow that the Soviet Union is cheating on germ-warfare treaties, these officials conceded, it will be harder than ever to assure skeptical lawmakers on SALT II or any other treaty.

The Federation of American Scientists, in its newsletter this month, called upon Soviet scientists to "provide the world with more information" on Sverdlovsk.

"Not contagious, and thus running no risks of spreading to one's own troops," the scientists' group wrote, "its spore form is highly stable against sunlight, changes in temperature or shocks and hence lends itself to a long shelf life," the scientists wrote.

"It cannot be filtered out by the nose. And a massive dose is very lethal. It is not, however, an especially desirable weapon, both because the spores persist for years after use and because the persons may not die immediately."

Americans' Taxes to Rise Despite All Proposed Cuts

By Art Pine

WASHINGTON, June 29 (WP) — And now, the bad news:

Those widely heralded tax cuts hat Republican presidential candite Ronald Reagan, and now Senate Democrats, are promising for 981 actually would not reduce mericans' taxes.

In fact, they would only partly ffset some of the tax increases that herwise would occur either beuse of changes in the law or from e impact of inflation pushing taxayers into higher brackets.

Whatever tax cut plan ultimately ay be enacted, the tax burden for ost households — the percentage f income that taxpayers give the overnment — will remain about e same, and in many cases will se.

As Mr. Reagan and other Republicans delight in pointing out, the nly way President Carter and Conress were able to balance the fiscal 981 budget — as they have done, eceriously, for now — was by alowing the tax burden to rise.

From 1980 to 1981, the impact of flation is expected to add about 3.4 billion to individuals' income x bills. An already scheduled inease in Social Security taxes next n. 1 will raise those levies $13.7 llion.

From 1979 to 1980 — the last big x cut took effect in January, 1979 - inflation added $17.1 billion to mericans' income-tax burdens. his, the total tax increase for the o years combined is $54.2 billion.

The tax cuts that Mr. Reagan and Senate Democrats are considerg would barely offset even the tax se for 1981, let alone the $17.1-bilon increase that has taken place is year.

$31.8 Billion

Mr. Reagan's new plan would in individuals' federal income tax ills by $31.8 billion during calenr 1981, and while the Democrats' oposal is not fully worked out, inders say it would be smaller than e Republican plan.

Mr. Carter's top economic advisrs have been discussing a possible 0-billion to $30-billion tax cut en that would reduce individuals' come taxes by between $13 billion d $18 billion, with the rest for usiness.

Although the calculations are ly preliminary, Mr. Reagan's tax t plan would hold the average tax iden to roughly the same 17.5 rcent of income that it is now. ithout this cut, the burden will e to 18.8 percent.

Mr. Carter's proposal — as much as is known about what White House policy-makers are considering — would permit the effective rate to rise to nearly 18 percent. The plans of the Senate Democrats are still fuzzy.

The mathematics of election-year tax cutting is well understood by Congress and the White House, but enough voters still seem unaware of the sleight-of-hand arithmetic that the office holders are able to keep using it again and again.

Inflation provides the magic in the tax machine. Every year it pushes Americans' tax burdens higher. Then, almost as routinely, Congress gives the money back with a tax cut just before an election.

Sharp Rise

But this year, the lawmakers — responding to heightened demand for inflation fighting — chose to forego the traditional election-year tax cut and try to balance the budget instead. As a result, tax burdens have continued to climb.

At the same time, Social Security taxes are scheduled to rise sharply in January. At the first of the year, the maximum payroll tax paid by workers will leap to $1,975.05, from $1,587.67 this year.

The budget that Mr. Carter unveiled in January called for the tax burden borne by individuals and businesses to soar to 21.7 percent of the gross national product in fiscal 1981, the highest level since 1944.

Any tax reductions approved for 1981 would not start showing up in the form of lower withholding taxes until Jan. 1. The reductions would affect the taxes due a year from next April.

Mr. Reagan seized upon this reality last week when he proposed slashing income-tax rates for individuals next Jan. 1 to offset at least some of the increased bite.

Republicans have been charging all along that Mr. Carter has been trying to fight inflation in large part by raising taxes. And the Democrats know that there is a big enough grain of truth in that to set them worrying about the election.

In the meantime, the real battle between the various tax cut plans proffered by Mr. Reagan, Mr. Carter and possibly the Senate Democrats between now and Nov. 4 won't be, as all sides will want to portray it, over cutting taxes.

It will be over how much to allow them to go up.



Associated Press

A former North Vietnamese mortician, wearing a helmet to conceal his identity, is sworn in before testifying before a House subcommittee on Asian affairs about his role in processing the remains of U.S. servicemen in Hanoi. The interpreter at the hearing, on U.S. prisoners of war in Vietnam, is at the left.

Refugees Report U.S. POWs Are Still Alive in Vietnam

By Peter A. Brown

WASHINGTON, June 29 (UPI) — There is increasing evidence that some U.S. prisoners of war are still alive in Southeast Asia, relatives of Americans missing in Vietnam were told yesterday.

At the 11th annual convention of the National League of Families of American Prisoners of War and Missing in Action, George Brooks, who heads the league's effort to find out about American POWs and MIAs from refugees leaving Vietnam, said that the refugees are providing crucial information.

"We are talking about live Americans over there today. We are not talking about bodies," Mr. Brooks said. State Department press official Susan Pittman said that the government had been unable to verify the reports.

Mr. Brooks noted that there was congressional testimony Friday by a former North Vietnamese mortician that as late as 1977, four years after U.S. war prisoners were released, he saw 400 American bodies stacked in a building in Hanoi.

Hope Remains

Mr. Brooks, whose son, Nick, a Navy pilot, was shot down in 1970, was among more than 300 people who attended the conference. Most believe that there is a chance their relatives are still alive. "You will find people at the Defense Intelligency Agency who will tell you, 'Yes, there are Americans still alive in Southeast Asia.' "

Mr. Brooks said he had an eyewitness account that his own son had been captured twice and escaped twice. He criticized the administration for not doing more to resolve the matter.

"We've been working for 10 years on this and now we have more information than ever because of the refugees," he said. "The government is soon going to have to do something."

Among others at the weekend meeting was Ruby Hall, 66, of Vancouver, Wash., whose son Harley was shot down Jan. 27, 1973 — 10 hours before the cease-fire that ended U.S. involvement.

Mrs. Hall said she and her husband spent the $800 it cost them to attend the Washington conference to remind the public that there are still 2,500 Americans unaccounted for in Indochina. "I think the country has forgotten," she said.

Madrid Paper's Troubles

MADRID, June 29 (Reuters) — Spain's only Communist daily newspaper, Mundo Obrero (Workers' World), said today that the party had decided to stop its publication for three months beginning Tuesday to allow a cost-cutting study that would ensure its permanent reappearance in October.

Operation Stops, Then Restarts

Venting Sets Off Alarms At Three Mile Island Plant

By Joanne Omang

MIDDLETOWN, Pa., June 29 (WP) — The effort to vent radioactive krypton gas from the Three Mile Island nuclear plant began yesterday, and, like so much else involving this reactor, it immediately went wrong.

At 8:04 a.m., four minutes after the venting began, alarms went off, valves slammed shut and everything stopped.

But unlike the last time alarms sounded here, at the beginning of the accident that closed this power plant more than a year ago, these alarms proved false. And the venting, which had begun in a festive atmosphere before a horde of politicians, regulators, utility officials and reporters, resumed again in the afternoon and continued on a restricted basis into the evening.

The alarms went off when monitors picked up indications that high levels of radioactive particles were coming out the 160-foot stack along with the krypton gas, and the operation was shut down.

"The monitor has seen krypton and thought it was particulates," said Harold Denton, a member of the commission.

Another alarm system checking the radiation level of gas releases was silent, indicating no problem.

The utility, with NRC approval, shut down until 5:01 p.m. and then resumed venting on a low-volume test basis for five hours, hoping to ease into the planned rate of 120 cubic feet of air per minute. Full-scale venting today was to await further confirmation that no particles were in the gasses.

'Overshooting'

Mr. Denton described what had happened as "overshooting." The monitor reacted to the surge of radioactive gases, he said, like a bathroom scale stepped on heavily. The readings, he said, shot past the true level into the alarm range and would have led to automatic shutdown had operators not turned the vents off first.

The idea of the low-volume test was to hold meter readings below the official danger level even though the monitors were confused, Mr. Denton said. "I just don't want to abandon the regulatory commission limits without more verification that there are no particles there."

Barring further hitches, the Metropolitan Edison Co. plans to get rid of all 57,000 curies of gaseous Krypton-85 inside the reactor building within the next three weeks, diluting it with pumped air before letting it go to radiation levels less than 1000th of what they are inside the building.

High radiation levels have prevented anyone from entering the reactor building to do maintenance work since a series of errors and equipment failures closed the plant and loosed radiation over the countryside here on March 28, 1979.

Joseph Hendrie, who then was chairman of the Nuclear Regulatory Commission, began pushing for venting six months ago on grounds that more equipment failures were inevitable without maintenance.

Nuclear critics went to great lengths to stop the venting, but the U.S. Court of Appeals in Washington ruled on Friday that it could go ahead.

Officials took pains yesterday to stress the low level of the radiation coming out with the krypton. Standing at the observation center for the entire three-week venting period, they said, would result in as much extra radiation as half an hour of suntanning, or spending 28 minutes in an airplane, or sleeping with someone every night for eight months: about 0.1 millirem. Natural background radiation nationwide is about 100 millirem per year.

But some skeptics were not convinced. Nancy McKay of Etters, Pa., who is expecting a baby in six weeks, said last week that she and her 2-year-old son would visit relatives in Dillsburg, 15 miles away. "At least I won't be two miles away," she said. "I don't know anybody that lives any further."

Andrea Hand, also pregnant, took her son and daughter to Connecticut. "It's fear," she told reporters before she left. "I'm pregnant and I don't trust the authorities."

Fire in Colorado Crosses Barrier

EAGLE, Colo., June 29 (UPI) — The worst forest fire in Colorado history crossed a containment line yesterday, spreading to 9,000 acres. Crews also were fighting blazes at two other sites — one 80 miles away and the other west of Rocky Mountain National Park.

The major blaze near Emerald Lake in the White River National Forest created firestorms that exploded dried trees and brush into flames. Crews — which were being increased from 240 to 400 — were hampered by rough terrain that kept out heavy machinery. A second fire destroyed between 500 and 1,000 acres near Gunnison.

The latest fire broke out in Arapahoe National Forest late yesterday on the western perimeter of Rocky Mountain National Park and spread across more than 300 acres. A U.S. Forest Service spokesman said the blaze was about a half mile from the resort community of Columbine Lake, but residents were in no immediate danger.

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Could Have Slowed Price Rise

Hunts Tied to Lawmakers in Silver Sale

CHICAGO, June 29 (AP) — A U.S. plan to sell millions of ounces of surplus silver has been blocked for three years by several members of Congress who received campaign contributions from members of the silver-rich Hunt family, according to a newspaper report.

In a copyrighted story, the Chicago Sun-Times reported in Sunday's edition that the sale of the silver would have slowed or halted the rise in silver prices that reportedly brought huge profits to the Hunt family. Silver prices collapsed earlier this year.

The surplus silver is part of a strategic stockpile maintained for use in vital industries in case of war. In 1978, the U.S. sought to sell 67 million ounces of silver and use the money to buy other important materials that might be unavailable if a war broke out.

Sale Cut Repeatedly

The newspaper said the size of the proposed sale was cut repeatedly under pressure from silver interests, who feared a disruption in silver prices, and finally was blocked altogether. The Sun-Times reported that two representatives and two senators played key roles in blocking the sale. They were identified as:

- Rep. Lawrence McDonald, D-Ga., who along with Nelson Bunker Hunt is a leader of the John Birch Society, an ultraconservative group. Rep. McDonald led the effort to block the silver sale, and received a total of $13,000 from the Hunt family during his 1978 and 1980 campaigns.
- Rep. Steven Symms, R-Idaho, who helped Rep. McDonald block the silver sale in the House. Rep. Symms, who The Sun-Times reported has investments in silver, received $2,500 from the Hunt family in his 1978 congressional campaign. The congressman is running against Sen. Frank Church, D-Idaho, and Nelson Bunker Hunt is a member of Rep. Symms' campaign finance committee, though he has not donated to the campaign.
- Sen. Strom Thurmond, R-S.C., who has received $7,500 in campaign contributions from the Hunts. A member of the Senate Armed Services Committee, he voted against the sale when it came before the committee.
- Sen. Jesse Helms, R-N.C., who also opposed the silver sale. He has received $5,500 in campaign contributions from the Hunt family.

In Washington, Chris Lay, administrative assistant to Rep. Symms, said the Idaho Republican has opposed selling silver from the stockpile since he became a member of Congress in 1973.

The other three congressmen were not immediately available for comment.

According to the newspaper report, Sens. Thurmond and Helms played crucial roles in cutting the size of the proposed sale, to 37 million ounces from 67 million, then requested a study by the General Accounting Office to determine if the silver was indeed surplus.

The GAO reported that the government's 139 million-ounce silver stockpile was more than would be needed in wartime, and that the silver to be sold was surplus.

Members of the Hunt family at one time controlled two-thirds of the identifiable stocks of silver in private hands, according to Paul Volcker, chairman of the Federal Reserve Board.

Eskimos Open Conference in Greenland City

GODTHAAB, Greenland, June 29 (AP) — Against a backdrop of U.S., Canadian, Soviet and Danish flags, 54 representatives of an estimated 90,000 Eskimos opened the Inuit (Eskimo) Circumpolar Conference yesterday, debating the promise and problems posed by discoveries of resources under their lands.

Greenland's 40,000 Eskimos outnumber Danish and other settlers 4 to 1, but Eskimos are a minority in the United States, Canada and Soviet Union and have little, if any, say in government policies. Moscow did not allow representatives of the estimated 5,000 Siberian Eskimos to attend the conference.

The Eskimos want a bigger share of the profits from exploitation of mineral, oil and natural gas deposits under their Artic and semi-Artic lands.

Sources at the four-day conference, which was closed to non-Eskimos, said Canadian delegates objected yesterday to a proposed charter calling for a homeland for Eskimos, because they feared that adherence to the charter would jeopardize negotiations with Canada over land claims.

Chadian Faction Claims to Hold Most of Capital

DOUALA, Cameroon, June 29 (R) — One of the two warring ions in Chad claims that its es have taken control of almost whole of the devastated capital, amena, the Cameroon Tribune orted yesterday.

Forces loyal to former Defense ister Hissene Habre launched offensive in the city on Tuesday killed more than 100 soldiers al to President Goukouni Oueda the newspaper said, quoting ces in Mr. Habre's forces.

he newspaper said Mr. Habre's now claimed to control all but northwest quarter of the city re the president's forces are enched.

ut the Chad Press Agency, repting the Oueddei forces, said Habre offensive was repulsed r "several hours of violent com-." The agency said five of the dicar's soldiers were killed.

had has been in a state of offon civil war for 16 years. The t fighting erupted on March 22 Ndjamena and has caused more n 1,000 deaths to date, by unofal count.

Kenyans Protest Foreign Presence

NAIROBI, June 29 (AP) — Hundreds of university students marched through central Nairobi yesterday to protest the presence of Americans and other Western foreigners in Kenya.

The presence of foreign businessmen, teachers and technical experts is a touchy subject in many African countries. Kenyan President Daniel Arap Moi has urged that nonessential foreigners be phased out in Kenya. Home Affairs Minister Charles Njonjo, who exercises wide political influence, said last week that foreigners should stay.

The United States announced Friday that Kenya has agreed to give it increased access to air and sea installations to facilitate a buildup of U.S. military power near the Gulf.

Supplies Sent to Salyut-6

MOSCOW, June 29 (Reuters) — The Soviet Union launched an unmanned cargo spacecraft today to ferry supplies to the Salyut-6 space station, manned since April 9 by Col. Leonid Popov and Valery Ryumin, Tass reported.



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Adoption of Conservative Program Recommended by IMF

Guyana's Austerity Plan Signals a Shift From Left

By John M. Goshko

WASHINGTON, June 29 (NYT) — In a move of significance for U.S. efforts to check the spread of leftist influence in the Caribbean, Guyana's Socialist-oriented government has agreed to adopt a conservative economic austerity program recommended by the International Monetary Fund.

The decision means that Prime Minister Linden Burnham's government will have to slow its drive for collectivization of the Guyanese economy and start following policies more sympathetic to private investment and the attitudes of the international banking community.

In terms of its broader political significance, the move seems likely to increase the growing tensions in Guyana's relations with the two other strongly leftist governments in the English-speaking Caribbean, Jamaica and Grenada.

In the past, the three governments have taken a pro-Cuban, anti-American line that had caused them to be regarded as the potential cutting edge for Fidel Castro's efforts to extend Cuban influence.

Move to Right

More recently, however, Mr. Burnham has shifted. For example, his acceptance of an IMF austerity program is in contrast to the action of Jamaica's Prime Minister Michael Manley, who elected to plunge his country into financial chaos last March rather than accept IMF constraints.

Guyana's decision became known during the annual meeting here this week of the Caribbean Group for Cooperation in Economic Development, an organization composed of Caribbean countries receiving outside aid, the nations giving the aid and multinational lending agencies.

In exchange for accepting the austerity program, Guyana will receive IMF standby credits to help resolve financial and economic problems of roughly $100 million over three years. Details of the accord are being worked out and are expected to be announced in July.

Toward Hydroelectric Power

Even more important to Mr. Burnham than the standby aid is the austerity program's role in helping him toward building a massive hydroelectric power and aluminum-smelting complex in northwestern Guyana.

Known as the Upper Mazaruni project, this plan is regarded by economists as having the potential to transform the economy of Guyana — a former British colony of 850,000 on the northeast coast of South America — by greatly reducing dependence on imported energy and by allowing it to cash in more on vast bauxite resources.

But, while the World Bank has pronounced the project feasible, it had made clear to Mr. Burnham that there would be no possibility of putting together the financing — estimated at $1 billion to $2 billion — unless he pursues economic policies able to attract private foreign investors and satisfy the stringent conditions of the multinational lending organizations.

Mr. Burnham, who has headed Guyana since it gained independence in 1966, long followed a steadily leftist path of nationalizing foreign holdings, bringing major components of the economy under government control and even renaming the country the Cooperative Republic of Guyana to underscore his aims.

Desire for Project

Recently, however, his desire for the hydroelectric project and the pressure of mounting internal problems have spurred him to move away from radical rhetoric and ideas.

To meet the standards called for by the IMF, Mr. Burnham will have to make major spending cuts through the politically risky steps of raising the cost of electricity and urban transportation and lifting subsidies designed to hold down the price of rice, a major staple.

To encourage him along this course, World Bank officials said Friday that the bank has decided to loan Guyana approximately $23 million to be used partly for studies of the feasibility of the hydroelectric project.

Collective Aid

In reviewing the Caribbean group's meeting, Nicolas Ardito Barletta, vice president of the World Bank, said collective aid pledges to the region are expected to rise during the coming year, although he added that a tabulation of the pledges has not yet been compiled.

The organization was founded in 1977, partly as the result of U.S. efforts to spur greater regional cooperation in the Caribbean. Aid pledges from donor nations and agencies jumped from $220 million in 1977 to $612 million last year.

However, Mr. Barletta said, because of the rising cost of oil imports and depressed prices for exports from the Caribbean, many countries in the region are experiencing severe financial difficulties that require much of the aid to be used for immediate, balance-of-payments support rather than longer-range development projects.

He and other officials of the Caribbean group said a potentially important and hopeful development for the region rests in tentative plans by Venezuela, and possibly also Trinidad and Mexico, to make oil imports available to area countries at prices below the world market.

Salvadoran Police Find Arms Cache At University; 17 Killed in Violence

SAN SALVADOR, June 29 (Reuters) — Security forces searching San Salvador University, a stronghold of leftist opposition to El Salvador's ruling junta, have discovered weapons, bomb materials and a long escape tunnel, police said today.

Eyewitnesses said that about 20 persons were killed in clashes with the police when the security forces occupied the campus Thursday at the end of a two-day strike called by leftists. Leaders of El Salvador's main opposition groups, meeting in the university during the raid, apparently fled through the secret tunnel.

At least 17 persons have died in the past 24 hours in the continuing political violence here.

Eleven farm workers were shot to death by guerrillas at San Antonio, 50 miles east of here yesterday. Five unidentified bodies were found at San Ramon on the northern outskirts of the capital, and the body of a kidnapped bus driver was found in San Salvador.



Associated Press

Two officials from the Soviet Embassy in Tokyo — Assistant Naval Attache Yuri Devin, just to left of windlass, and First Secretary German Karpushkin, next to him and partly hidden — inspecting at Niigata, Japan, the debris of the Soviet Tu-16 bomber that crashed into the Sea of Japan.

Japan Says 2 Soviet Planes Violate Airspace in Hunt for Missing Crew

TOKYO, June 29 (AP) — Two Russian aircraft violated Japan's airspace today over the Sea of Japan, 200 miles northeast of Tokyo, apparently while searching for crewmen of another Russian plane that crashed, the Japanese Defense Agency said.

The two Il-38 maritime patrol aircraft entered Japanese airspace near Hegura island, 30 miles north of Wajima, at the northern tip of Noto peninsula in north-central Japan, the agency said. Officials said the planes were in Japanese airspace for eight minutes despite warnings by two patrolling fighter planes of Japan's air self-defense force.

Japan claims 12 nautical miles as its territory.

A Defense Agency spokesman said the two planes appeared to have been looking for crewmen of a Tu-16 reconnaissance bomber that crashed into the sea on Friday 100 miles northeast of Hegura.

The bodies of two Russians and the dismembered leg of a third man were picked up by Japanese patrol boats and turned over to Soviet Embassy staff yesterday. The Tu-16 usually carries a crew of seven.

Hotelkeepers Fear Slump

Reactions to ETA Bombing Are Mixed on Costa del Sol

By Colin McSeveny

MADRID, June 29 (Reuters) — Spanish hotelkeepers and officials today reported mixed tourist reaction to a resort bombing campaign by Basque guerrillas who have exploded six devices since Wednesday.

The separatist organisation ETA is determined to cripple the crucial Spanish tourist industry and coerce the authorities to free 19 Basque prisoners and sack a prison governor.

Luis Gamir, minister of commerce and tourism, said the bombings, which caused no casualties, had not yet affected the number of foreign visitors to the Costa Blanca and Costa del Sol target areas.

"The explosions have so far caused more inconvenience than risk," he said.

Peak Season

But many hotelkeepers are concerned that Spain's lucrative tourist trade, already showing signs of decline, will be badly hit if the bombings continue into the peak summer season.

The latest explosion occurred yesterday near a hotel in the southern resort of Estepona and a hotelkeeper in nearby Torremolinos said he dreaded what might happen next.

"Many hotels are only two-thirds full," said Manuel Martinez, manager of the Hotel Tropicana. "We've already had a few cancelations after the bombings but we'll see this coming week if there is going to be a real slump."

But other hotelkeepers on the affected coasts said that although trade was down compared to last year, few foreign tourists had cancelled bookings or even appeared concerned.

Big Rush

"In any case, most of the vacationers at the moment are Spaniards and the big rush of foreigners will not begin for a week or so," said the manager of an Estepona hotel.

As police began a massive search for the bombers, the northern Basque country was shaken by a triple assassination which police believe was the work of ETA's military wing.

Gunmen opened fire from a car in the small town of Azcoitia last night and shot a former civil guard and two friends to death as they entered a bar in a busy main street. Nobody claimed responsibility for the attack, but police said their investigations pointed to ETA, which has claimed responsibility for most of the 57 political killings in the Basque country this year.

Both wings of ETA (Basque Homeland and Liberty) are fighting for an independent Marxist Basque state.

Reactions to the latest assassinations were immediate and Basque socialist politicians, occupying local government buildings in protest at ETA's bombing campaign, condemned the killers.

"The situation in the Basque country is so grave that all the forces of democracy must isolate the terrorists," said Txiki Benegas, leader of the Basque Socialist Party.

3 Persons Slain

AZCOITIA, Spain, June 29 (UPI) — Police here said three youths with pistols ambushed Justino Quindos, a retired policeman in his 60s, and three friends of the same age as they walked into a bar for a drink last night. Three of the men were killed and the fourth was injured. Spain's death toll from political violence this year now stands at 63.

Pope Attacks Erosion of Family Life

VATICAN CITY, June 29 (UPI) — Pope John Paul II, in a review of his first 20 months in office, reaffirmed the doctrine of papal infallibility yesterday and said that family life was being eroded by permissiveness, divorce, birth control and abortion.

Addressing 2,000 members of the Vatican central government and church workers, John Paul also explained why he travels abroad so often, and praised the move toward unity between the Roman Catholic and Orthodox churches.

"The family, the nervous system of modern life, is threatened by many dangers," the pope said, "and is becoming vulnerable to infection by lethal germs — sometimes legalized by civil law — such as permissiveness, free love, the institution of divorce, the liberalization of contraceptive drugs and the introduction of abortion."

He also called on Catholics to render special recognition to the doctrine of papal infallibility, which he called "a gift from above."

"Our duty is to remain faithful to that gift, which does not come from our own poor powers and capacities, but only from the Lord," he said.

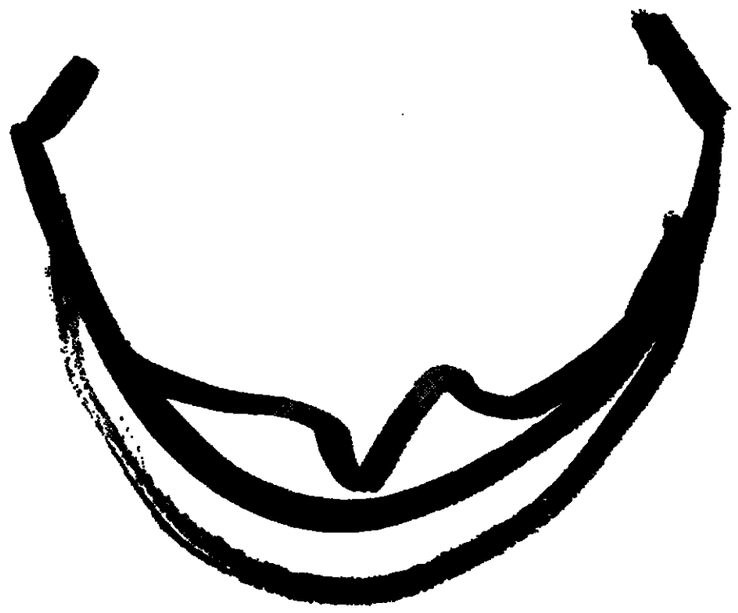
Absolute Responsibility

Because official church declarations on matters of faith and morals are infallible, he said, Roman Catholic theologians have an absolute responsibility to reflect it accurately in their teaching. In an indirect reference to theologian Hans Kung of Switzerland, the pope said official church representatives must not forget that it is the church that decides what conforms with its teachings — not the theologians.

John Paul said his unprecedented travels to 13 nations since becoming pope on Oct. 16, 1978, were pastoral visits designed to demonstrate the place that Roman Catholic communities in different lands have "in the universal dimension of the church." His discussion of his travels came two days before he leaves on a 12-day tour of 13 cities in Brazil.

The other major theme of the pope's 90-minute address in the Vatican's Paul VI audience hall was Christian unity, specifically the moves he has made to bring together Roman Catholicism and the Orthodox churches.

"An authentic ecumenical dialogue requires of theologians a particular maturity and certainty in the truth professed by the church," he said. "The union of Christians cannot be sought in a compromise between differing theological positions, but only through a common encounter in the most ample and mature fullness of Christian truth."



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Canada Finally Unites Behind Official Anthem

OTTAWA, June 29 (AP) — In a rare show of political harmony, the House of Commons has adopted legislation to make "O Canada" the official national anthem.

The 100-year-old work has for years been widely accepted as the national anthem, though previous attempts to adopt it formally as the anthem bogged down in minor disputes over proposed word changes and other matters.

The threat to Canadian unity represented by last month's Quebec referendum on political independance was enough to unite all factions on the question of a national song. The separatist proposal was defeated by voters of the predominantly French province.

A final behind-the-scenes agreement on minor changes in the English-language lyrics was reached Friday, and the legislators took less than an hour to push the bill through the Commons. The members then sang the French and English versions, which differ not only in language but also in content.

The bill was sent to the Senate for its pro-forma approval. The proclamation of the official status of "O Canada" will be made at a ceremony in Ottawa on July 1, the 113th anniversary of the founding of the Canadian confederation.

Luxembourg-Iraq Talks

BAGHDAD, June 29 (UPI) — Foreign Minister Sadoun Hammadi met yesterday with his visiting counterpart from Luxembourg, Gaston Thorn, the Iraqi news agency reported.

81 Feared Dead as Jetliner Crashes off Italian Coast

ROME, June 29 (AP) — Search teams yesterday recovered the bodies of 42 persons after an Italian jetliner with 81 aboard crashed late Friday off the Amalfi coast.

Investigators admitted today that they were unable to explain the crash and were studying possibilities ranging from a bomb to a meteor.

"We really don't know any more than we did a day ago. It's a mystery," said Italo Govoni, a spokesman for Italy's domestic airline Itavia, which owned the DC-9.

The plane carrying 77 passengers and a crew of four suddenly dropped off radar screens Friday night during a flight from Bologna to Palermo. Ships and helicopters again combed the area of the sea about 90 miles southwest of Naples where the aircraft went down but found no bodies to add to the 42 recovered yesterday.

'Black Box' Lost

Searchers picked up several more parts of the plane's fuselage. Officials said, however, that the water was so deep that they did not expect to recover the "black box" that recorded all of the pilot's conversations.

Airline officials and other industry experts said initial evidence indicated that the plane exploded in the air.

Bodies and wreckage were strewn over a 22-mile stretch of sea, which suggested that they fell from a high point.

A Milan newspaper received a phone call claiming that a rightist terrorist had been aboard the plane. Police said later, however, that he had telephoned his mother in Lucca in central Italy to confirm that he was still alive.

Committee to Investigate

A five-foot piece of wreckage, believed part of the tail of the DC-9, was picked up yesterday by searchers and brought to Sicily for examination.

A committee met to investigate the cause of the crash but had not reached any conclusions today. Industry officials offered many theories, including the sudden breaking of a window causing instant depressurization, a violent gust of wind breaking the aircraft in two, and the million-to-one possibility that the plane was struck by a falling meteor.

Adalberto Pellegrino, chief of the Italian pilots union, said he did not think there was human error involved.

"Something prevented the aircraft from making any radio calls, however brief," Mr. Pellegrino said. "Because of this I think it was a collision with some other object or an explosion in flight. At present, we can exclude factors caused by human error."

The plane had already begun its descent to Palermo's Punta Raisi airport when it lost contact with air controllers.

Officials Visiting Russia

MOSCOW, June 29 (AP) — Defense Minister Ali Ahmed Nasser Antar al-Bishi of Southern Yemen and Communist Party leader Le Duan of Vietnam arrived in Russia yesterday, the former for a holiday and talks with Soviet Defense Minister Dmitri Ustinov, and the latter for a rest, Tass reported.

Protestant Farmer Murdered in Ireland

BALLYBAY, Ireland, June 29 (AP) — A Protestant farmer from Northern Ireland, identified as a former member of the Ulster Defense Regiment, was shot to death yesterday by a gunman at a livestock auction here, police reported.

Irish police blamed the IRA Provisionals for the shooting in this town about six miles from the border with Ulster. Gunmen from the Provisional wing attacked two other Ulster Defense Regiment men in Northern Ireland near the border Friday.

It Cannot Invalidate Document

State Department Loses Passport Ruling

By Jim Mann

WASHINGTON, June 29 (LAT) — In a ruling that could hamper any effort by the Carter administration to prosecute former Attorney General Ramsey Clark, a U.S. Court of Appeals here ruled Friday that the State Department has no legal right to revoke an American citizen's passport.

The court held 2 to 1 that former Secretary of State Cyrus Vance acted improperly last December when he revoked the passport of Philip Agee, the former Central Intelligence Agency official who revealed the identity of American agents overseas.

Mr. Vance had said he was empowered to act by a State Department regulation permitting him to revoke the passport of anyone whose "activities abroad are causing or likely to cause serious damage to the national security or the foreign policy of the United States."

But the appeals court said Congress never gave the State Department the power to revoke passports in this fashion and that the regulation cannot be enforced.

Judge's Ruling

"The secretary [of state] may not revoke Agee's passport unless Congress has authorized him to do so, for the right to travel abroad is constitutionally protected and subject to regulation only pursuant to the law-making functions of the Congress," wrote U.S. Circuit Judge Roger Robb.

A Department of Justice lawyer said Friday night that the federal government planned to seek a temporary stay of the ruling, in order to permit it to continue to deny Mr. Agee a passport while it decides whether to appeal.

Earlier this month, President Carter said it was his "inclination" to have the Department of Justice prosecute Mr. Clark for violating a presidential order banning travel to Iran. Mr. Clark and nine other Americans defied the ban to attend a conference in Tehran on American "crimes" in Iran.

Mr. Carter's ban on travel to Iran was issued as an executive order and was said to be authorized by the International Emergency Economic Powers Act of 1977 — a law under which Congress gave the president the power to "prohibit any transactions in foreign exchange."

In passing that law, however, Congress did not specifically authorize any restrictions on travel. Under Friday's ruling, a federal court might hold that Mr. Carter's travel ban cannot be enforced under the 1977 act.

Charles Sims, an American Civil Liberties Union attorney who represents both Mr. Agee and Mr. Clark, said Friday's decision "makes clear beyond any doubt that the president can't prosecute Ramsey Clark." Department of Justice officials, who have not yet decided whether to act against Mr. Clark, made no immediate comment.

Mr. Agee, 45, who resigned from the CIA in 1968, has since written books and articles criticizing his former employer. He also disclosed the names of CIA personnel overseas, an action that the CIA has said endangered their lives. He is now living in Hamburg, West Germany.

In an angry dissent to the appeals court ruling, U.S. Circuit Judge George MacKinnon compared Mr. Agee with Tokyo Rose, who broadcast anti-American propaganda during World War II. He said Mr. Agee had "indicated his adherence to the enemies of the United States giving them aid and comfort."

The two judges in the majority, Mr. Robb and U.S. Circuit Judge Patricia Wald, pointed out that Mr. Agee has not formally been charged with any crime. If there were a warrant out for his arrest, they said, then the government might restrict his travels.

Judge Charges Seberg Friend

PARIS, June 29 (Reuters) — The last companion of American actress Jean Seberg, Ahmed Hasni, was charged with theft by a magistrate last week and held in custody after a complaint by a young woman at whose Paris home he lived earlier this year. She told police her stereo, jewels and other valuables had disappeared.

Mr. Hasni, 29, had been detained Wednesday for questioning as part of fresh inquiries into Seberg's death from an overdose of barbiturates last September.

He was to be interrogated soon on the circumstances of Seberg's disappearance from the apartment they shared. Mr. Hasni reported her missing more than a week before her body was found under a blanket in her car.

2 Bank Robbers Tried in Peking

PEKING, June 29 (AP) — One man was sentenced to 30 years in prison and an accomplice was given a suspended death sentence yesterday in the trial of Peking's first reported bank robbery case in 30 years.

In their first hearing on June 17, both suspects admitted to charging into the Nanmenchang Savings Bank, wounding one staff member with a homemade gun, firing at another man and fleeing with the equivalent of $704. Yesterday, Judge Lin Yulian gave a summary of the case, declared that evidence of their guilt was solid and read their sentences. They have 10 days to appeal.

Liu Yunfeng, president of the Peking People's Intermediate Court, said later that the crime ordinarily would have called for the death penalty. It was the first criminal trial that a large group of foreign reporters had been permitted to cover in China.

SENIOR EXECUTIVE JOB GUIDE

Published at the end of the week, this is a compilation of senior level job opportunities from selected publications. Senior level jobs published by the International Herald Tribune through Tuesday automatically appear in this feature.
To place an advertisement in "INTERNATIONAL EXECUTIVE OPPORTUNITIES," contact our office in your country (listed in classified section)
Any questions or comments concerning this feature can be directed to Juanita Caspari in the Paris office.

JOB TITLE	SALARY	EMPLOYER	JOB LOCAT.	SOME OF THE QUALIFICATIONS	CANDIDATES SHOULD MAKE CONTACT WITH	ADVT. Source
CHIEF ACCOUNTANT	According qual. & exp.	Ingersoll-Rand	Fribourg, Switz.	Adequate qual.; sound commercial & accty. bkgd.; some yrs. practical exp.; Eng.	Ingersoll-Rand, Personnel Dept., P.O. Box 148, 1700 Fribourg 5, Switzerland.	I.H.T. 19-6-80
EUROPEAN CONTROLLER	Competitive	Applied Materials, Inc.	Munich	4-7 yrs. accty. & mngt. exp.; Eng. +.	P.J. Benzing, Applied Materials Inc., 3050 Bowers Avenue, Santa Clara, CA95051, U.S.A.	I.H.T. 19-6-80
COUNTRY MANAGERS Holland & Germ.		Union Carbide (Agricultural products).	Holland & Germany	30-40; Univ. deg., prof. in Agronomy; 5 + yrs. of proven commercial exp. in agricul. chem.; Eng. + local lang.	Jan Ferguson, Union Carbide Europe, 5 Rue Pedro-Meylan, 1211 Geneva 17.	I.H.T. 19-6-80
PRODUCT MANAGER		Union Carbide (Agricultural products).	Geneva	Int'l mktg. exp. in agricul. pesticides; Eng. + Fr., Ger. or Ital.; extensive European travel.	Jan Ferguson, Union Carbide Europe, 5 Rue Pedro-Meylan, 1211 Geneva 17.	I.H.T. 19-6-80
SENIOR ECONOMIC ADVISOR	Competitive	The World Bank.	West Africa	Grad. deg. in economics; 15 yrs. exp. in public Finance & mngt.; & economic plan. & policy; Eng., Fr.	The World Bank, Western Africa Country Programs, Dept. II; Mr. M. Payson, 1818 H St., Washington, D.C. 20433.	I.H.T. 19-6-80
AREA MANAGER Middle East		Italian subsidiary of American Co. (office equipment).	50 km. from Milan	Min. 3 yrs. exp. in export sales in Middle East; early 30's; high cultural bkgd; Eng.	Ref. 8.14.34, R. Galli & Partners, Via Largo 2, 20122 Milano. Tel.: 862755-8856825.	Corriere Della Sera 20-6-80
FINANCIAL CONTROLLER Saudi Arabia		Refinery Complex.	Saudi Arabia	Chartered Accountants; subst. exp. in oil, petro-chemical or other process industries; 35-50.	Ref. B/253/80, Charles Rich, The P.E. Consulting Group, 1 Albemarle St., London W1X 3HF.	The Economist 21-6-80
GENERAL MANAGER		FX Dealer Major Multinational Corp.	Switz.	Solid bkgd. foreign exchange trading in Eur. currencies, spot & forward; Eng., Fr. +; Eur. mil. pref.	William H. Brawley As., P.O. Box 405 New Canaan, Connecticut 06840, U.S.A.	The Economist 21-6-80
EUROPEAN CONTROLLER		Fast-growing major U.S. high technology co.	Munich	3-5 yrs. financial mngt.; familiarity with consolidations, U.S. accty. standards & budgeting; Eng. +.	Box 1425, International Herald Tribune, Grosse Eschenheimer Str. 43, 6000 Frankfurt/Main.	I.H.T. 21-6-80
HEAD OF COMPUTING	Excellent	European Molecular Biology Laboratory.	Heidelberg, Germany	Experience in organizing + coordinating operations with multi-user computer.	Ref. 88/14, Sir John Kendrew, Director General, EMBL, Postfach 10.2209, D-6900 Heidelberg.	I.H.T. 24-6-80
SENIOR BUYER European co-ordinator	Around £12,000	Dubai Aluminium Co. Ltd.	Dubai	30-40; min. 5 yrs' exp. of purchasing for heavy ind. complex; Eng., Fr. & Ger.; ind./purch. qual. pref.	Ref. 1881-44, B.A. Ravenscroft, MSL Middle East, 474 Royal Exchange, Manchester M22FD.	Daily Telegraph 25-6-80



United Press International

Helen Gahagan Douglas, right, with husband Melvyn Douglas.

Helen Gahagan Douglas, Ex-Congresswoman, Dies

NEW YORK, June 29 (NYT) — Helen Gahagan Douglas, 79, the actress and former U.S. representative whose defeat in 1950 for a Senate seat from California launched Richard Nixon into national prominence, died early Saturday at Memorial Sloan-Kettering Cancer Center.

With her at her death were her husband, actor Melvyn Douglas, and their daughter, Mary Helen. Mrs. Douglas underwent surgery for cancer seven years ago; the illness recurred three years ago and she entered the hospital a week before her death.

She was born Nov. 25, 1900, in Boonton, N.J., and grew up in Brooklyn in a closely knit family that included a sister and three brothers. Her father, Walter Gahagan, an Ohio-born engineer, had a large construction business in Brooklyn and a shipyard in Arverne, Queens.

At 22, Helen Gahagan was a Broadway star, hailed as one of the 10 most beautiful women in the world. She went to Europe to sing in opera, returned to Broadway, married Melvyn Douglas and moved with him to California, where she began championing liberal causes.

Following the births of a son, Peter, in 1934 and Mary Helen in 1938, she entered politics. She became a Democratic national committeewoman in 1940 and with support from labor was elected to represent California's 14th Congressional District in 1944.

Dubious Fame

After three terms in the House, Mrs. Douglas ran for the Senate in 1950. Her defeat in that contest was probably the first serious setback of her life. It also brought her a kind of dubious lasting fame.

As her opponent, Mr. Nixon stressed her liberalism in a way that made her appear to be a Communist. The tactics were later attacked by others, but whenever Mrs. Douglas was invited to criticize Mr. Nixon's conduct in the campaign, she refused.

She never ran for office again, but returned to the theater and concert stage occasionally during the 1950s and continued to be active as a private citizen in behalf of liberal causes and candidates.

Helen Gahagan became an actress in the face of opposition from her parents. At Barnard College she coached the Wig and Cues dramatic club, and wrote plays in her English course and acted in them. Harry Wagstaff Gribble, a playwright and director, saw her in one of these productions and offered her the leading role in his play, "Shoot." The only nonprofessional in the cast, she was singled out for praise by the critics.

Ten days later, she appeared in a minor part in another play, which was seen by William Brady, a producer. He put her in the leading role of "Dreams for Sale," which opened to rave reviews in September, 1922, at the Playhouse Theater. The play lasted only a week, but she went on to other starring roles. She studied singing and went to Europe to appear in opera, but when word came that her father was ill, she returned home in October, 1930.

A month later, she was back on Broadway in David Belasco's production of "Tonight or Never." Her leading man was Mr. Douglas, a newcomer to Broadway who had acted in stock companies in the Midwest. They were married on April 5, 1931, at the Gahagan home in Brooklyn, a few months after her father died.

The couple drove to California to appear in motion pictures. On the way, they were profoundly affected by their encounters with migrant workers searching for jobs. Mrs. Douglas began studying economic and social problems, organized relief campaigns and became interested in politics.

In 1937, she returned from a European concert tour with her political education enhanced. Her accompanist, who, like her husband, was Jewish, had not been invited to the parties given for her, and she had been forbidden to sing "Jewish" music. She began working for organizations opposed to the Nazis.

Mr. Douglas, who was also accused of being a Communist sympathizer, served in the Army in the Burma-China theater in World War II and was discharged a major. He resumed acting and directing in Hollywood, but after Mrs. Douglas' political career ended they moved back to New York, where they remained.

One of Mrs. Douglas' final public pleas was for federal funds for cancer research. On June 19, 1979, she spoke to a congressional hearing in Washington by telephone from the bedroom of her apartment on Riverside Drive.

—EDITH EVANS ASBURY

Hanoi Condemns Defector to Die

TOKYO, June 29 (AP) — Vietnam's supreme court sentenced Hoang Van Hoan, a former Communist Party Politburo member, to death in absentia last week for high treason, Hanoi radio said in a broadcast monitored here.

Mr. Hoan, 75, defected to China in July while on his way to East Germany for medical treatment. He entered China via Pakistan.

Mr. Hoan, a founder of Vietnam's Communist Party, was known for his pro-Chinese views and was believed to be the first high Vietnamese official to defect to China. He said in Peking that Vietnam is under the thumb of the Soviet Union economically, politically and diplomatically.

Obituaries

Iturbi, 84, Popularized Classical Music in Films

HOLLYWOOD, June 29 (LAT) — Jose Iturbi, the concert pianist and conductor who delighted movie audiences in the 1940s by playing boogie-woogie in Hollywood musicals, died yesterday at Cedars-Sinai Medical Center. He was 84.

A spokeswoman for the Los Angeles hospital said that the Spanish-born musician was admitted Tuesday. His death was attributed to a heart condition.

Although Mr. Iturbi was praised for popularizing classical music through his motion pictures, on the concert stage he was reviewed and honored as the serious musician he was.

After a concert performance last year in nearby Pasadena, a critic said, "His virtues shine as brightly as ever ... He plays the piano beautifully, as always, but in that style which we thought had gone out of style."

And in a 1966 review, when Mr. Iturbii was 70, the same critic, Martin Bernheimer of the Los Angeles Times, wrote that "at his best, as he was (in certain numbers on the program), Iturbi is an artist of extraordinary communication. He commands a pallette of color to match his temperamental impulses, and his fingers can still make the difficult seem easy."

Concert Tours

One of the more hardy among touring virtuosos, Mr. Iturbi at his peak averaged nearly 190 concerts a year in the United States, Europe and South America. As recently as the 1977-78 season, he played and/or conducted about 40 concerts.

In earlier years, he often appeared in concert with his sister, Amparo, also a world-renowned concert pianist. She died in 1969.

Mr. Iturbi first appeared in the movies in "Thousands Cheer" in 1943 and went on to make film musicals with such stars as Gene Kelly, Frank Sinatra, Kathryn Grayson and Jeannette MacDonald.

But one of his most widely acclaimed performances was in a movie in which he did not appear. He was the uncredited pianist who played the music of Frederic Chopin in "A Song to Remember," a 1945 picture starring Cornel Wilde as Chopin. His 1945 recording of a Chopin Polonaise sold more than 1 million copies.

Other signature pieces that audiences associated with Mr. Iturbi and which he often played as encores, were Debussy's "Clair de Lune," Beethoven's "Fuer Elise" and the music of Spanish composers Albeniz and Falla.

His films, in many of which he played himself, included "Music for Millions," "Anchors Aweigh," "Two Girls and a Sailor," "Holiday in Mexico," "That Midnight Kiss" and "The Birds and the Bees."

Born in Spain

Mr. Iturbi was the son of a Valencia, Spain, bill collector who repaired and tuned pianos on the side. He is said to have learned to play at age 3 and was teaching others, older than himself, at 7.

He studied at Valencia and Paris conservatories and once headed the piano faculty at the Conservatory of Geneva, a position once held by Franz Liszt.

Mr. Iturbi made his American concert debut in 1929 and his conducting debut in Mexico in 1933. Although he became permanent conductor of the Rochester Philharmonic in 1936, a post he held until 1944, he told an interviewer:

"For me, it is better to conduct without boards of directors and music committees.

"As it is, if I don't like the job of conducting I can always play the piano. For permanent conductors, if they do not please this hostess and that lady director, they lose their orchestra and then what can they do?"

Mr. Iturbi became an American citizen in 1941 and the following January he joined the Civil Air Patrol, serving as an air courier and patrolling inland areas.

Family Tragedies

Although Iturbi enjoyed professional fame and fortune, his family life was marked by tragedy. His wife Maria, whom he married in 1916, died soon after giving birth to a daughter in 1918.

The daughter, also named Maria, committed suicide in 1946, ending a turbulent period in which Mr. Iturbi once went to court to seek custody of her two children, saying she was "not a fit person" to keep them.

An out-of-court agreement was reached in which the daughter retained legal custody of the children, but they were to live with their grandfather. Three years later, Maria shot herself. The children, born of her marriage to violinist Stephan Hero, later were taken by their father and another bitter custody fight ensued, ending with Mr. Iturbi relinquishing custody to Mr. Hero.

—DOROTHY TOWNSEND



United Press International

Jose Iturbi playing the piano in a 1964 photograph.

Carey McWilliams, Noted Editor, Dies

NEW YORK, June 29 (NYT) — Carey McWilliams, 74, editor of The Nation for two decades and a longtime crusader for the rights of the underprivileged, has died.

Mr. McWilliams, who had been ill, continued to write until a few days before his death on Friday, contributing a column to The Nation. He had served the liberal weekly magazine since the end of World War II, as editor from 1955 until his retirement in 1975.

"He spoke unpopular truths," Victor Navasky, editor of The Nation, said Friday. "Carey McWilliams was a rebel, a humanist, a democrat with a small 'd' and a radical liberal."

Originally schooled in law, Mr. McWilliams turned to writing in outrage over injustices to migrant workers and others during during the Depression and afterward. He wrote for the New Republic magazine, the old New York newspaper PM and other publications before settling at The Nation.

Among his more than 20 books were "Factories in the Field," detailing the plight of migrants on California farms; "Prejudice," a study of discrimination against Japanese-Americans, many of whom were interned on the West Coast during World War II; "A Mask for Privilege," dealing with anti-Semitism in America, and "Brothers Under the Skin," which examined the status of several racial minority groups.

A native of Steamboat Springs, Colo., Mr. McWilliams earned a degree from the University of Southern California in 1927 and entered law practice in Los Angeles. In 1938, he was appointed the state's commissioner of Immigration and Housing. A year later he published "Factories in the Field."

Mr. McWilliams earned the enmity of the large growers of farm produce, who made up the greatest single power bloc in California at the time. When Earl Warren, later to become chief justice of the United States, was elected governor in 1942 with support of the growers, Mr. McWilliams was dismissed as commissioner.

Moving to New York, Mr. McWilliams never pansed in his advocacy for causes. He joined with others to work for governmental reforms, or fought for them by himself.

A prolific and energetic writer, he contributed articles, commentaries and book reviews to many publications. Yet he was a private person in many ways. Not long before he relinquished the editorship of The Nation, he was invited to City Hall to receive a citation for "distinguished and exceptional service" in journalism. But in what colleagues said was characteristic, he graciously declined to be present for the ceremony.

He always had time, however, to encourage contributors to the magazine and other writers. A longtime associate said Friday that Mr. McWilliams made it a point to reply personally to any author who submitted a manuscript, taking special care to encourage young writers.

Although his health had been declining for more than a year, Mr. McWilliams was working on several articles for other journals in addition to his column for The Nation when he was hospitalized earlier this month.

In an article completed shortly before his death, which will be published posthumously, he warned of what he perceived as a threat of authoritarian control in America.

—GLENN FOWLER

8 Killed in Indian Train

NEW DELHI, June 29 (UPI) — Eight persons were killed and several injured in a train accident near a suburb here Friday. A stationary train was rammed from the rear by a speeding outgoing train.

Barney Bigard, U.S. Jazz Musician, Dies

NEW YORK, June 29 (NYT) — Barney Bigard, 74, the mellow-clarinet soloist whose liquid low register tone complimented the legendary sound of the Duke Ellington Orchestra during the 1920s and 1930s, has died in Culver City, Calif.

A gradnate of the New Orleans school, where he learned at the feet of the old Creole masters — musicians such as Alphonse Picou and Lorenzo Tio — Mr. Bigard's approach was firmly rooted in the jazz mainstream, though he is remembered by aficionados for his impressive work in the bands led by Jelly Roll Morton, King Oliver and Louis Armstrong, players who were mostly associated with Dixieland.

Mr. Bigard joined the bands of Octave Gaspard and Albert Nichols before moving to Chicago in 1925, where he worked with King Oliver.

From 1926 until 1928, Mr. Bigard was featured with Charlie Elgar and returned to work with Oliver, accompanying the bandleader to New York. Mr. Bigard then worked with Luis Russell before joining Ellington in 1928.

Though he lacked extensive formal training, Mr. Bigard was an excellent technician whose improvisational lines covered the full range of the clarinet.

He shared a pre-eminent stature with the Ellington band, alongside featured performers such as Johnny Hodges, the saxophonist, and Sam (Tricky) Nanton, the trumpeter.

Mr. Bigard wrote and recorded "Mood Indigo," one of the best-known standards associated with the Ellington organization, although he was said to have surrendered the rights to the song to Irving Mills, the music publisher who was also the Ellington band's road manager.

Sue K. Hicks

MADISONVILLE, Tenn., June 29 (AP) — Sue K. Hicks, 84, an assistant prosecutor in the landmark 1925 Scopes trial, died Friday.

Mr. Hicks was named for his mother, who died when he was born. His name inspired the hit recording by Johnny Cash, "A Boy Named Sue."

Mr. Hicks was an assistant Rhea County attorney in May, 1925, and helped William Jennings Bryan prosecute John Scopes, a biology teacher, in a court test of Tennessee's law forbidding the teaching in public schools of nonbiblical theories of creation.

"Our motive right from the start was to test the anti-evolution law," Mr. Hicks was quoted as saying in 1975. "We wanted to get a conviction, and we wanted it appealed so that the Supreme Court could rule on its constitutionality."

Scopes lost and was fined $100. The anti-evolution law was not repealed until more than 30 years later.

Mr. Hicks was proud of his unusual first name. "I was the youngest of nine children and my mother died when I was born," he said. "My father gave me her name."

Italy Judge Assesses Court Costs to Carter

MARTINA FRANCA, Italy, June 29 (UPI) — A judge here ruled today that President Carter must pay $4,800 in court costs and the U.S. government must recognize as its employees 15 Italian contract workers at a U.S. Air Force unit in southern Italy.

Court costs were charged against Mr. Carter because he was listed as legal representative of the U.S. government in the suit.

Environmental Factors

Cancer Increasing in U.S.; Chemicals May Play Role

WASHINGTON, June 29 (UPI) — After 30 years of stability, the cancer rate is increasing in the United States. Toxic chemicals may be a factor in one-fifth of all cases, a government study says.

"We estimate that occupational exposure to carcinogens is a factor in more than 20 percent of all cancers," said Gus Speth, chairman of the president's Council on Environmental Quality and head of the 18-agency Toxic Substances Strategy Committee.

"The cancer incidence rate, after adjustments for age and increasing longevity of the population — a rate that had remained relatively stable for the last three decades — increased about 10 percent between 1970 and 1976," Mr. Speth said.

"This does suggest some new or causal factor," he said. "However, we don't know if toxic chemicals played a role in this development. But it is a matter of great concern to us."

Environmental Causes

The report said "the total environment, including lifestyle, personal habits, hormonal factors, work and environmental exposure," plays a significant role in causing 80 to 90 percent of cancers.

Robert Harris, a member of the council, said the production of chemicals took a "dramatic upturn" in the United States in the 1950s. Because some cancers take 25 or 30 years to develop, he said, the increasing incidence of cancer in the mid-'70s is being reviewed.

The American Industrial Health Council criticized Mr. Speth's comments, saying that he and others "unnecessarily alarm the public with indiscriminate charges and allegations based on inconclusive data.

"It is inexcusable for a responsible federal agency to misuse scientific studies in this way just to generate media attention," the council added.

The group also questioned the report's conclusion that cancer incidence is rising, saying it was based on preliminary studies and mixed noncomparable data. It "fails to take into account the age-specific decline in cancer incidence in age groups under 45."

The committee report noted that cancer is now the No. 2 cause of death in the United States after heart disease, causing about 400,000 deaths annually.

Laetrile Debate

WASHINGTON, June 29 (AP) — The much-debated question of whether Laetrile cures cancer finally will be put to the test next month by the National Cancer Institute.

Officials announced Friday that four cancer research centers will use the apricot pit derivative to treat 200 to 300 cancer patients whose cancers have not responded to other treatments. The cancer institute first announced almost two years ago that it would test Laetrile in an effort to settle the question.

The tests will be on paticnts at the Mayo Clinic in Rochester, Minn; the Sloan-Kettering Cancer Center in New York; the University of Arizona; and the UCLA Medical Center in Los Angeles.

Laetrile proponents claim that it is effective in treating cancer. Most doctors disagree, saying there has been no accepted research showing the treatment to be effective.

Preliminary Tests

Laetrile, a derivative of apricot pits, has long been banned by the federal government. Two years ago, however, a federal judge in Oklahoma ruled that cancer patients could use it under controlled conditions. Meanwhile, 20 states have legalized its use under certain conditions.

Paul Van Nevel, a spokesman for the National Cancer Institute, said the tests can finally begin because researchers at the Mayo Clinic have completed preliminary tests to determine whether patients receive dangerous amounts of cyanide from Laetrile. Apricot pits contain cyanide.

The test involved six persons treated with Laetrile, Mr. Van Nevel said. Five showed no toxic effects. The sixth showed some traces of toxicity after eating large amounts of raw almonds, which apparently stimulate the release of cyanide.

The Mayo researchers concluded that the side effects were not serious enough to interfere with the testing.

Large Crack Forms In Mount St. Helens

VANCOUVER, Wash., June 29 (UPI) — A big crack baked open in the potentially explosive volcanic dome rising from the crater floor of Mount St. Helens, exposing a reddish glow of molten rock welling up from deep within the earth, scientists said yesterday.

Seismic activity has fallen to near zero in the mile-wide earthquake-scarred crater. A steam plume that had been steadily hissing more than 9,000 feet skyward for nearly a week dropped off, the U.S. Geological Survey said.

Spotter plane observers moved through a clearing cloud cover around the volcanic peak to report "a red glow from the dome."

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Herald Tribune
Page 6 Monday, June 30, 1980

The Oil Link Is Broken

Interesting and, at last, hopeful changes have begun to transform the ways in which the world uses energy. You wouldn't necessarily learn of it in government pronouncements, since governments tend to think in terms of laws passed and programs adopted. Sometimes governments seem to fall a bit behind reality, even in subjects like energy to which they devote enormous attention. There was a curious example a week ago in the declaration with which the leaders of the seven big industrial democracies ended their Venice meeting on economic strategy.

"We must break the existing link," the seven bravely stated, "between economic growth and consumption of oil, and we mean to do so in this decade." But the link is already broken. It was broken in the last decade, visibly and dramatically.

Until the first oil crisis, seven years ago, most people took it for granted that energy and economic growth marched together in lockstep — that each percentage point of growth required 1 percent more energy. That's the "existing link" that Mr. Carter and his six colleagues were talking about. Until the latter 1970s, a lot of economists feared that any sustained attempt to hold down oil consumption would pitch the world's economy into stagnation or worse. Some of them thought that any attempt to break the link would be a risky and uncertain venture. The seven statesmen in Venice were talking as though they still thought so.

But the International Energy Agency has been tracking the change with detailed statistics — the most recent of which appeared a month before the Venice meeting. In the five years from 1973 to 1978, total energy consumption in the industrial world rose, in fact, only one-third as fast as economic output. That's a remarkable departure from the pattern of the 1960s.

The reasons for it are obvious. People are protecting themselves from rising fuel prices and the threat of shortages. Industry is installing more efficient equipment. Most countries — if not, unfortunately, the United States — have jacked up their taxes on oil and gasoline. It's true that this process did not proceed fast enough in the 1970s for consumers' own protection. Demand for oil climbed too high, setting off last year's wild price increases and this year's recession. The IEA points out, incidentally, that further dangerous oil shortages are in prospect for the years immediately ahead.

The industrial countries are going to have to do a lot more, quickly, to cut their need for oil. But they have already shown, perhaps to their own surprise, that they can do it without paralyzing economic growth. The process of adjustment is already well along — further and more effectively than, apparently, the seven men at Venice realized.

THE WASHINGTON POST.

More Hanoi Aggression

In the 18 months since Vietnamese troops invaded Cambodia and pushed up toward Thailand, the powerfully armed governments of Thailand and Vietnam have made a generally successful effort to keep the inevitable tensions between them from getting out of hand. Their evident mutual determination to keep control has been observed with close self-interest by the United States, whose friendship and alliance with Thailand would make any clash between them a matter of special concern. Therein lies the significance of Vietnam's recent incursions into Thailand, creating the first major confrontation between these two regional powers.

There is always the possibility that the Vietnamese were merely leaping at an opportunity they had stumbled upon or exploiting one they had invented in order to humiliate the Thais. From the known sequence of events, however, another explanation appears more plausible. In mid-June, the Thai Army escorted some 5,000-plus Cambodians back into Cambodia under a program of "humanitarian" repatriation overseen by the United Nations. Vietnam, however, claimed that the Thais were ushering old Pol Pot guerrillas and their families back into border areas controlled by the Cambodian resistance, all this as part of a broader Thai-Chinese campaign to block the extension of Vietnam's influence beyond its borders. There followed the Vietnamese incursions, wreaking havoc in some refugee camps and taking a toll of military casualties as well.

The Vietnamese have alternately denied that any intervention took place and described it as accidental. On the face of it, they do not seem to be looking to get into a war with Thailand at a time when they face continuing difficulties in their attempt to subdue Cambodia. At the same time, they are asking something difficult and rather inconsistent from Thailand. They are seeking, on the one hand, to open the border so that Thailand can be used as both a dumping ground for refugees generated by Hanoi's aggression and a transit and supply point for food for hungry people remaining in Cambodia, and, on the other, they are seeking to close the border, which is long and unavoidably porous, against the return of anti-Vietnamese resistance fighters.

Secretary of State Muskie had it about right when he termed the incursions part of Vietnam's "ongoing aggression." There would be no trouble if Vietnam had not invaded Cambodia in the first place. That is why it is right to call on Hanoi to withdraw, and to call on Moscow to restrain Hanoi. Lacking a suitable response, the United States has no choice but to do what it is doing — reaffirm its commitment to Thailand and see that the Thais have the means to defend their territorial integrity.

THE WASHINGTON POST.

How Best to Cut Taxes

Ronald Reagan has taken the initiative by calling for a $36-billion tax cut to take effect in January. Dutiful Republicans have begun to tack this proposal onto numerous pieces of legislation with the hope of embarrassing the Democrats into repeated denials. President Carter has hinted at his own tax cut next year but was still shaking off the jet lag from the Venice summit when Mr. Reagan struck. Disheartened Senate Democrats therefore vowed to offer their own tax reduction after Labor Day.

Predictable business in an election year? Of course. No political genius is needed to see that there are votes to be won from the tax reduction, as the economy sinks ever deeper into recession. But one does not have to share Mr. Reagan's fundamentalist faith to suspect that he is now partly right, on economic grounds alone. The time to plan a proper tax cut has probably arrived.

The recession was never a good way to fight inflation. It was a desperate final gambit by an administration that had failed to cool the economy slowly, as promised. Now it is plain that the recession will be steep and deep, and the basic inflation rate, from which point the next recovery will begin, seems likely to be an ominously high 9 percent. It is unlikely to drop lower unless the recession were driven recklessly into a depression.

So the case for a relatively modest tax cut, of perhaps $30 billion, is sound: to prevent the recession from becoming even worse than predicted. The slide this quarter may turn out to be the most severe since World War II. And unless Congress acts on taxes, they will actually rise dramatically next year. Income taxes will climb as inflation keeps driving taxpayers into higher brackets. Scheduled increases in Social Security taxes and the new oil windfall tax will pull an extra $40 billion out of the private economy in 1981. That could delay recovery from the recession.

Timing the tax move is hard enough. Choosing the right kind seems to bore most people. Lower federal taxes can help end the recession, but they will not protect against a new round of virulent inflation. Mr. Reagan's 10-percent general income tax reduction offers no such protection. And his faster tax write-offs for new investment offer not enough.

This year, like last year and the year before, the American economy needs to get off the inflation-recession roller coaster, whose path is becoming more dangerous in every cycle. How to cut taxes in ways that reduce rather than increase inflation remains the central problem. Tax cuts that would reward industries and workers who restrain prices and wages — and punish those who don't — may not be easy to design or perfect in operation. But they are possible and should at least be tried. Tax cuts are needed also to offset the mounting Social Security tax, which directly adds to prices and reduces wages. And tax cuts are needed to stimulate investment, not randomly but in ways that will improve the nation's productivity.

THE NEW YORK TIMES.

In the International Edition

Seventy-Five Years Ago

June 30, 1905

ODESSA, Russia — The strike situation was greatly aggravated today by the arrival of the battleship Kniaz Potemkin, on which there had been a mutiny caused by a commander having a sailor shot for presenting a petition from the crew demanding better food. The crew thereupon attacked the officers and, it is reported, murdered several of them. This morning the sailors of the Kniaz Potemkin bore the body of their dead comrade ashore, amid scenes of intense excitement. A thousand dockers, strikers and others assembled on the shore with bared heads and passed in turn before the corpse, the lid having been removed. When the police attempted to disperse them they formed a ring around the coffin and defied them.

Fifty Years Ago

June 30, 1930

LONDON — International peace as the medium through which the Fascist program in Italy shall be consummated was emphasized by Premier Mussolini in an interview published in the Observer today. The Italian dictator denied there were any "aggressive designs" in his program for a unifred Italy, and asked his interviewer to "tell the world I want peace!" In an approved text returned to the interviewer, the Duce said: "The Fascist system, which has been in force for eight years, is such that a place has to be found for every small section of the population. Every profession and trade must have its own particular niche, so that each may contribute the maximum amount of energy to the power and efficiency of the state."



Kennedy and the Updating of Liberalism

By David S. Broder

WASHINGTON — At the age of 48, Ted Kennedy has time aplenty to recover from a loss to Jimmy Carter in the 1980 Democratic nomination battle. He could head his party's ticket in any election for the rest of this century. But there is increasing evidence that in the course of his losing effort to deny Carter a second term, Kennedy may have missed a chance to put his stamp on the future of the Democratic Party's policies.

The most dramatic indication of this development came from a most unlikely source — Kennedy's own liberal Senate colleague from Massachusetts, Paul Tsongas.

Tsongas is personally devoted to Kennedy and politically obligated to him for crucial support in his 1978 upset victory over Republican incumbent Edward Brooke. The whole Tsongas family has been out campaigning for Kennedy, and Tsongas' top aide, Dennis Kanin, ran the Kennedy effort in New Hampshire.

But in a speech earlier this month to the national convention of Americans for Democratic Action (ADA), Tsongas clearly and deliberately said that liberalism cannot prevail in the last 20 years of this century with the policies and views espoused by Kennedy in the 1980 campaign. And in an interview last week, he pronounced the kind of liberalism with which his colleague is identified as "passe." Coming from Tsongas, that is a stunning judgment.

The symbolism of the ADA convention was itself remarkable. For more than three decades, ADA has proclaimed itself the living link to the New Deal-Fair Deal era. Tsongas' address came immediately after Kennedy had won cheers from the old liberals by repeating the traditional formulas that gained him the ADA's presidential endorsement.

Tsongas did not mince words. In contrast to Kennedy's denunciation of oil company profits, Tsongas said this: "The energy crisis involves one basic fact — that oil is a finite and diminishing resource. Many liberals attack this issue by attacking the oil companies. Emotionally satisfying, yes. An answer to the problem — hell, no."

He faulted the congressional liberals who had killed President Carter's proposals to increase gasoline taxes as an energy conservation measure; Kennedy was one of them. Such liberals claim they want to protect the consumer, Tsongas said. "That's fine for today, but in the long term, to protect the consumer from the reality of the energy crisis is to destroy him."

Dated Formulas

In a similar vein, and to the displeasure of some older ADA members, Tsongas also asked when liberals would prod the unions to "demand productivity gains as part of their contracts;" when those, like Kennedy, who reject nuclear power would face up to the "severe problems" of increased coal usage, and why it should "be left to the conservatives to champion the cause of the Afghan freedom fighters."

In an interview, Tsongas made every effort to spare Kennedy from direct criticism and to stress his own support for the senator's 1980 candidacy. His purpose, he said, was to speak as a liberal — with one of the highest ADA ratings in the Senate — to fellow liberals about his concern for the future.

"Liberalism," he said in the speech, "must extricate itself from the 1960s ... and we must have the answers that seem relevant and appropriate to the generation of potential liberals." He added in the interview: "If the basis of liberalism is just 1960s rhetoric, then the last meeting of liberals will inevitably be held in an old folks' home."

Tsongas is not alone in his impatience with the old liberal formulas. Gary Hart, the senator from Colorado who was the manager of George McGovern's 1972 presidential campaign, is another who has argued that the liberal formulas of the past are almost irrelevant to the political challenges of the '80s.

Tsongas is 39 and Hart just three years older. Their eyes are focused on the next generation of voters. "Every group of interns I talk to," Tsongas said, referring to college students and other youths working this summer on Capitol Hill, "are all for John Anderson. Their view of the world is very different than that of the 1960s liberals."

"The Reagan candidacy is the result of the bankruptcy of liberalism," he said. "Either we're going to leave the future to conservatives, with all their Cold War baggage, or we're going to begin to find a new rationale and a new definition of liberalism."

"By 1984," Tsongas said, "you'll see an Anderson-type candidacy on the Democratic side — a non-flaky Jerry Brown who recognizes the limits and constraints of this period." He is not sure, he said, that there is such a person today, but he is convinced that "the historical forces will create such a person."

That does not sound like a description of Ted Kennedy. And when even a Paul Tsongas says that the policies Kennedy propounds are "passe," you can be pretty sure that an era is passing.

©1980, The Washington Post.

Russia's Afghan Adventure Is Far From Over

By Tyler Marshall

NEW DELHI — The Soviet announcement of a limited withdrawal of combat troops from Afghanistan should not be mistaken for the beginning of the end of Russian involvement. Contrary to the assertion of Soviet President Leonid Brezhnev that the withdrawal was possible because life in Afghanistan was "gradually returning to normal," the opposite is true: Conditions remain so chaotic that it is impossible for the Russians to leave.

The timing of the announcement, during the Venice summit and a few weeks before the Moscow Olympics, has given the Russians maximum propaganda mileage. Analysts here interpret the move as a signal to the West that the Russians may eventually be willing to extricate themselves militarily from Afghanistan. It is not, however, what Brezhnev implied — the beginning of a large-scale pullout.

Self-Sustaining

"Now they want to see what the other side will do," said a senior Indian political analyst who recently met high-level Soviet Foreign Ministry officials in Moscow.

The Russians may have fallen into the trap of believing their own propaganda that the "other side" — the United States — can do something that would significantly diminish the depth of opposition to the Marxist regime in Kabul.

Some pressure might be applied to curtail the modest flow of supplies to Pakistan-based insurgent groups. But the impact there would be marginal, for a basic characteristic of the insurgency that grips virtually every corner of Afghanistan, a staunchly conservative Moslem nation of 17 million, is that it is largely uncoordinated and self-sustaining. Many of the insurgents' weapons and much of the ammunition and supplies are captured from or handed over by demoralized or defeated Afghan Army units.

So, if the Russians are hoping that their announcement will reduce insurgent activity and foster acceptance of Babrak Karmal, they are in for a disappointment.

A proliferation of wild rumors, exaggerated reports and misinformation from all sides makes it impossible to know how successful the insurgents are on a national scale. But several indicators suggest strongly that Afghan life is definitely not "gradually returning to normal," as Brezhnev put it.

The recent level of helicopter and fighter activity from Kabul's international airport indicates far more than token insurgency in the mountains around the capital and in neighboring provinces. Reliable reports, including eyewitness accounts of Western correspondents who have accompanied guerrilla operations, indicate that the government's control over much of eastern Afghanistan is at best tenuous and at times nonexistent.

Flying from Kabul one day last week, a small Pakistan International Airlines plane followed the main arterial road east from the capital, toward Jalalabad and the Khyber Pass, for nearly 50 miles. Over the entire stretch only one vehicle was seen on the road. Insurgents have turned any attempt to travel the road — once the country's economic lifeline — into a dangerous gamble. An embassy in Kabul that recently shipped excess furniture to Pakistan reported that it took the driver five or six attempts over the period of a month to get through.

Buoyant Mood

Meanwhile, there is an increasingly buoyant mood among Moslem insurgent leaders in Peshawar, Pakistan. The mood is one normally born of success, not failure.

If one heeds this and other evidence that opposition to the Marxist government is stronger today and more effective than on the day the Russians arrived, the inescapable conclusion is that they cannot afford to leave.

When they invaded Afghanistan six months ago, the Russians effectively destroyed what little remained of the Marxist regime's ability to survive on its own. The 80,000-strong Afghan Army has probably suffered more since the Soviet arrival than at any time since the April, 1978, coup that first brought Marxists to power. The humiliating Soviet military presence and a sharp rise in desertions have left the already weakened army crippled. By most assessments, it would be incapable of holding its own against a resistance movement that has steadily increased in strength since the Soviet invasion.

For the Russians, the sad truth is that six months into an occupation that they insisted was aimed at stabilizing the country, Afghanistan's political landscape is completely disunified. Deep divisions in the ruling People's Democratic Party now add to its underlying weakness. Splits within splits show under the strain of the crisis.

And the fractious nature of the insurgent forces fighting to overthrow the government and take power themselves persists despite numerous attempts to unify them. Yet behind these groups stand the vast majority of Afghans, many of whom are fighting for the right to be left alone by everyone.

Unlike Vietnam

In the present circumstances, any substantial Soviet withdrawal would almost certainly lead to the collapse of the Karmal government, plunging the nation into total instability. In that event, it is likely that a radical Islamic leadership similar to that in Iran would eventually emerge that would be hostile to the Russians.

Moscow can tolerate neither instability nor a hostile government in Kabul. Unlike the United States in Vietnam, the Russians cannot simply decide that they made a mistake, and wash their hands of Afghanistan. The two countries share a 1,200-mile border. The Russians perceive instability and heightened Islamic religious awareness — let alone a hostile government — as a direct internal threat to the security of their own heavily Moslem southern republics.

The question confronting the Soviet leadership now is not whether to stay in Afghanistan or to withdraw. It is how to find some formula that would allow a friendly government in Kabul to stand on its own feet.

The Soviet willingness to throttle back on unpopular Marxist reforms and let Karmal do such things as replace the revolutionary red flag with the traditional Afghan tricolor indicates that even more than the revolution, the Russians want stability on their southern flank. Unless the Karmal government by some miracle can broaden its support, Soviet forces will have to stay in Afghanistan until its administration is eventually replaced.

Anyone regarded as a Russian puppet will have a hard time winning acceptance; Karmal is proof of that. Afghans arriving in India indicate he is widely acknowledged to be better than his ruthless predecessor, Hafizullah Amin, but they do not forgive him for riding to power on Russian shoulders.

And it will be difficult to deflate the heightened political expectations of the numerous Pakistan- and Iran-based rebel groups. After years of struggling in obscurity against successive governments in Kabul, the Moslem insurgents have become international heroes thanks to the Russians. The rebel groups have sniffed the scent of success. Their goal is Kabul and an Islamic government. Any new regime in Kabul would have to be able to accommodate or confront them.

Almost Empty

Successive purges by Afghanistan's first Marxist leader, Nur Mohammed Taraki, and by his successor, Amin, have left its shallow reserve of potential leaders almost empty. A few pre-Marxist political leaders who might be able to command enough support to govern have been mentioned. Former King Zahir Shah, overthrown in 1973 and now living in Rome, is respected in part of rural Afghanistan, including the violently anti-government Kunar Valley.

While it is unlikely that the Russians would want to restore the king to power, they might be willing to settle on one of his associates. But until they can find someone acceptable both to themselves and the Afghan people, Soviet forces will stay in Afghanistan.

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Choosing A Future For Labor

By Wayland Young

LONDON — After its annual conference at the end of September, the Labor Party will either split or patch up its 10-year-old civil war and, probably under a new leader, continue to function as the effective coalition of the left in British politics.

There's nothing new about factions, and the conflict between the Labor Party's factions has always been highly audible; this is because its wealth has always been its words, while traditionally the Conservative Party's wealth has been its wealth.

To call the Labor factions left and right is quite misleading. They are in fact oligarchic and parliamentary (or democratic.) The oligarchs believe that though power must serve the people, it should be exercised by a small elite consisting partly of self-appointed constituency activists and partly of trade union leaders brandishing cards with millions of members written on them, the meaning of which is financial, not political.

The parliamentarians, on the other hand, believe that power must not only serve the people, but must be exercised above all by those directly elected by the people, the members of Parliament itself.

For the present, the oligarchs have control of the extra-parliamentary organs of the party: the conference, the National Executive Committee, and the party bureaucracy. They are for neutralism, unilateral disarmament, a siege economy outside the EEC, class war, inflationary government spending, and a millenarian policy to nationalize everything tomorrow, some of it without compensation.

Riven Party

The parliamentarians are for NATO, multilateral disarmament, staying in the EEC if it is at all possible, reducing class distinctions, and continuous adjustment to the mixed economy.

The intensity of the battle at last year's conference caused the decision to refer everything to a committee of inquiry, and especially the 60-year-old constitution of the party, whence come most of these woes. Unfortunately, the leaders of the factions simply appointed themselves to the committee, which is thus a scale model of the riven party itself, and has an inbuilt majority of oligarchs. It is now beginning to announce what appear to be its recommendations, though it has not yet written its report.

Three familiar planks of the oligarchic faction are still alive and kicking: The party leader, who either is or can be expected to be prime minister, should be elected no longer by the Labor members of Parliament but by a new college, half parliamentary and half not; the election manifesto should be settled by extra-parliamentary organs, and members of Parliament should be automatically subjected to the process of re-selection by their local party machines between elections, whether anybody is discontented with them or not. These reforms could impose upon the elected representatives of the British people a leader and a program that they do not want.

Rally or Split

The full report of the committee, which may contain some good things, too, will be submitted to the party conference. If these three anti-Parliament changes are carried, and if unilateral disarmament and leaving the EEC are also carried, as is possible, then the party will split.

This will mean that at the 1984 election either the Conservatives will be returned again with an overall majority or the balance will be held by an alliance of the Liberal Party with a new social democratic party formed around Roy Jenkins.

The main advantage of a split would be that a new center grouping holding the balance could secure proportional representation for Britain at last. The first election held by that method might bring a turnout higher than ever seen, and a consequent return of faith in the democratic process that could begin to rejuvenate Britain's social fabric.

But this might not happen, and the price of a split without it would be the disappearance of the rump of the old Labor Party into some irrelevant dogmatic quagmire. This would be sad for many, because for half a century now that explosive amalgam of Marx, Methodism and Bernard Shaw has constituted a natural democratic socialist left to oppose a natural democratic capitalist right in a free Parliament.

The most likely outcome is still that enough of the oligarchs will remember in time that it is easier to capture a party machine than to capture the spirit of a profoundly democratic and levelheaded people. In that case, the party will not split, or it will only drop a negligible splinter.

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Peru



President-elect Fernando Belaunde, without hat, once again surrounded by the military, including outgoing President, Gen. Francisco Morales Bermudez, third from left. Mr. Belaunde was last in military company when he was overthrown in 1968.

Reva Pinedo

The Return of 'The Architect'

LIMA (NYT) — In Peru's long, troubled history of rule by authoritarian military officers and the surrogates of powerful families, Fernando Belaunde Terry is the odd man who won't stay out. Ousted from the presidency in a 1968 military coup, the silver-haired, 68-year-old populist returned from political exile three years ago and has once again swept his country with a populist campaign for civilian constitutional government.

In the first national elections since he last won the presidency in 1963, Mr. Belaunde defeated 11 other candidates.

"I have only words of gratitude for the voters and I hope that their support will be extended to our government," Mr. Belaunde said following the elections.

The President-elect, who studied architecture and spent most of his decade of exile in the United States, said he expected to establish a "very cordial relationship" with Washington. President Carter, in a message, called the election a "welcome affirmation" of democracy.

Shovel as Symbol

Mr. Belaunde, who has carried a shovel as his political symbol and campaigned on the theme "Peru for the Peruvians," has long been an exponent of new agrarian, social and economic policies in a nation of 18 million people faced with staggering unemployment, a 70 percent inflation rate and wide disparities in the distribution of wealth.

He has pledged to create a million jobs through a variety of projects, to step up industrial and agricultural production, to combat widespread poverty and malnutrition and to respect human rights and restore freedom of the press. He has also promised to seek large foreign capital investments in Peruvian mining, petroleum and other industries.

During his first aborted term as president, Mr. Belaunde was best known for his programs of land distribution to peasants and for an attempt, regarded variously as visionary and foolhardy, to build a 5,900-mile highway along the eastern slopes of the Andes as a means of bringing civilization into remote areas.

Teaching Exile

Deposed by the military in 1968 during the last year of his 6-year term, Mr. Belaunde spent the ensuing decade in exile in the United States, teaching at Harvard, Columbia, Johns Hopkins and George Washington Universities.

A fiery orator and a shrewd politician, Mr. Belaunde often speaks of his belief that Peru's future lies in the strength of its ancient Inca heritage, a theme that evokes native pride and visions of the high civilization that ruled Peru when the Spanish arrived in the 16th century.

Born in Lima on Oct. 7, 1912, Mr. Belaunde is the scion of an old, aristocratic Peruvian family that has played an important part in the nation's political history. His father was prime minister and also served as ambassador to Mexico and Chile. His great grandfather was finance minister.

A husky, athletic, dark-eyed man with the affability of a Rotary Club president, Mr. Belaunde is a devout Roman Catholic who does not smoke or drink alcoholic beverages. Fluent in English and French, he has written extensively on Peruvian history, culture and sociology. He is a qualified aircraft pilot and loves to swim and sail small boats. He is married to Violeta Correa, his secretary during his first term, and has three children by a previous marriage.

Long Political Career

He attended schools in France and the United States during years when his father was in political exile and became an architect and urban planner, acquiring "The Architect" as his nickname along the way. He entered politics in 1944 and was elected to the Chamber of Deputies, the lower house of the Peruvian congress, in the following year.

In 1956, he founded the Popular Action Party and ran for president on a platform that stressed self-help and self-reliance for the masses. He soon attracted a large following and, though he campaigned only six weeks, narrowly lost to a heavily-favored rival. He ran again in 1962 and, when he again lost by a narrow margin, he charged widespread election fraud.

The military supported him, seized power temporarily, annulled the election results and set another election for the following year, when he won the presidency by a wide margin.

Civilians Set to Assume Power; Country Bids Farewell to Arms

By Colin Harding

LIMA (IHT) — Since the armed forces seized power in the early hours of October 3, 1968, Peru has undergone successive traumas resulting from an attempt to make the complex, intractable country over into something entirely new.

The principal legacy of the so-called "Peruvian revolution" was a financial crisis of terrifying proportions, stabilized relatively quickly but at great social cost through an austerity program that is still in effect.

In the stabilization process, many changes made by the military and their civilian advisers were thrown into reverse.

Finally, and almost as though the previous 12 years had never happened, the same man who was bundled onto a plane to Argentina on that October night has returned in triumph, elected president once again by a handsome majority.

Most Pressing Task

Following his inauguration July 28, the most pressing task for Fernando Belaunde Terry will be to restore domestic economic activity to an acceptable level.

Mr. Belaunde has promised to create 1 million new jobs over the next two years. He will probably repeat methods used during his first presidential term, when he made small-scale, local public works projects the basis of a social and economic development effort known as "popular cooperation."

The question remains how much public money can be put into such programs without fueling inflation and provoking conflict with the business groups that have offered the incoming government their wholehearted support.

In the 1960s Mr. Belaunde tried to capitalize on the pre-Colombian, Indian traditions of mutual help, discipline and hard work to drag Peru up by its bootstraps. He was also a great believer in the potential of the vast, undeveloped Amazon jungle region as a generator of wealth for the future.

But he was hamstrung by a hostile opposition majority in congress, increasingly severe financial problems and some colleagues who were less scrupulously honest than he.

The young officers surrounding Gen. Juan Velasco Alvarado, the senior army commander and new president, were fired by a far more radical vision than Mr. Belaunde's rather naive and paternalistic view of happy peasants building roads and fences in the hills and forests while homegrown industries flourished in the coastal cities.

They saw a society still dominated by the traditional ruling groups in league with big foreign corporations, between them controling all the country's basic wealth — land, mines, industry and the financial system. Poverty, illiteracy and unemployment were widespread, particularly in the backward rural areas, and the recent growth of manufacturing industry in the cities had failed to absorb all the migrants from the countryside.

It was only a few years since the central bank had ceased to be a private institution, and the state was still weak and powerless to do much to direct the course of events, even by comparison with other Latin American countries. Until the late 1950s, Peru had been a country run by land and mine owners that lived off exporting raw materials. The central government did little to interfere with this arrangement.

The radical army officers were determined to change all that, overthrowing the oligarchy and making the state the instrument for rapid economic development and profound social transformations. In this way they believed Peru would gain control over its own sources of wealth.

The potential was enormous — well-watered valleys producing cash crops for export, mines full of the most important minerals, seas teeming with fish and one of the largest stands of timber in the world. All that was needed was planning, organization and direction.

Military Think Tank

At the same time, the men who had come up with their visions at CAEM, the military think tank, were resolved that there would be no room in the new Peru for the old politics. Mr. Belaunde's ministers either went into exile or were imprisoned. Other parties went into virtual recess.

In their place, the military and their civilian advisers — many of them survivors of the short-lived rural guerrilla movement crushed by the armed forces and the radical, university-based organizations of the previous decade — believed that the full potential of the country could be realized by getting the population involved at the grass roots level.

Some of the "popular cooperation" agencies set up under Mr. Belaunde's government were retained and brought together with new bodies under a single, state-controlled "social mobilization" department.

The armed forces first made basic changes in the ownership of the principal sectors of the economy, nationalizing a string of foreign companies, starting with the Exxon subsidiary, International Petroleum Company, and including banks, sugar plantations, mines and unworked mining concessions, public utilities and fishmeal plants.

Public Corporations

A group of powerful public corporations was set up to run the new state enterprises, and the first serious attempts were made at economic planning. The oligarchy was attacked in its heartland with a sweeping land reform, and the state's financial apparatus was greatly strengthened.

By 1975 the whole project had run out of steam. In August of that year, Gen. Velasco, by then a very sick man, was quietly removed and replaced by his prime minister, Gen. Francisco Morales Bermudez. Apart from the well-known economic factors — a combination of bad luck and bad judgement — the Velasco regime was brought down by serious political failings.

Almost from the start the government was isolated, bereft of organized support and never succeeded in overcoming this crucial weakness. On the contrary, for several years the official ideologues argued aginst the need for a government party and discouraged all attempts to form one. The military had hoped to win the backing of both workers and employers by policies favorable to both.

Private investment, both local and foreign, was welcomed on condition that businessmen accepted state supervision and guidance. Workers were allowed to organize unions and were offered wage increases, subsidized food and a share in the management and profits of their places of work.

It was at this point that things began to go wrong. Business was unhappy with land reform, growing state interference in the economy and especially with experiments in industrial democracy and profit sharing. Consequently, despite generous incentives, large-scale private investment was never forthcoming.

On the other side, well-established trade unions mistrusted the officially sponsored "social mobilization" exercises and regarded the industrial democracy experiments as thinly-disguised attempts to undermine their position. After 1972, when the government began setting up its own unions, their fears were confirmed. Even in the countryside, where the reforms had been most far-reaching, the government managed to attract no widespread support.

The final months of the Velasco regime were marked by increasingly blatant attempts to stamp out all independent organizations, whether they were unions, magazines or even the government's own creations. After Gen. Velasco was partially incapacitated by a near-fatal illness in February 1973, control of the government fell increasingly into the hands of ruthless, authoritarian officers, whose vision of a totally regimented, state-dominated society had little in common with the initial ideals of the military "revolution."

Gen. Morales Bermudez' takeover saw the return to a far more modest view of the role of the state. The experiments with grass roots participation, social mobilization and "social property" that had dominated the rhetoric of the "first phase" of the military government were quietly dropped.

The notion that the government was still revolutionary was never abandoned, but the ideology that had given this claim substance had gone. Some of the structural changes remained like industrial democracy and the state companies, though usually in modified or watered-down form.

Constituent Assembly

After years of virtually denying its existence, the government allowed the market to reassert itself. Subsidies were reduced, price controls relaxed and job security removed. All notions of creating a new kind of society were cast aside, and the political parties were invited to resume full activities. Elections to a constituent assembly were called, and the armed forces looked for a dignified way out.

By May this year events had come full circle. The election campaign took place under a new constitution containing few if any innovations and was dominated by the same parties which had set the tone of political life in the 1960s.

Some things have changed. The organized left came from nowhere to take a third of the votes in the 1978 constituent assembly elections but splintered and fell back to less than 20 percent in the general elections. What role the left will play in congress is still unclear. Also unclear is the role of the most powerful political organization in the country - the American Popular Revolutionary Alliance or APRA, which came in a poor second.

No Major Foreign Policy Changes Expected

LIMA (IHT) — It seems unlikely that President-elect Fernando Belaunde will make substantial changes in Peru's foreign policy. As a elected government, the new re- me already counts on the goodwill the United States, where Mr. Belaunde spent most of his long years exile. His party's manifesto said a "Third World approach" would used selectively and that the hole question of nonalignment required reassessment.

The military government that ok power in 1968 attempted to nsform Peru's foreign relations the same way it did every other pect of the life of the country.

The expropriation of the International Petroleum Company's installations on the north coast was a ramatic first act of defiance ward the United States. IPC was Exxon subsidiary that had been nputing with successive governents for decades over its concesons. And it was then-President rnando Belaunde's alleged failure come to an honorable settlement h IPC that precipitated the Oct. oup.

This assertive nationalism characterized the 7-year presidency of n. Juan Velasco Alvarado. The C expropriation and other radical s provoked the resentment and spicion of the United States and t the tone for several years of se and acrimonious disputes beeen the two countries.

Compensation Agreement

The disputes only came to an end early 1974 when an agreement as finally reached on the payment compensation to expropriated S. companies. In the meantime, e United States had organized a ycott of Peru by the multilateral nding agencies, and the Peruvian overnment's efforts to attract prite investment on its own terms re largely unsuccessful.

By 1974 Peru's international posin had changed considerably, and e government no longer felt in a sition to pursue an aggressive forn policy. Like-minded governments in Bolivia and Chile had been overthrown in right-wing coups, and Peru felt increasingly isolated in Latin America.

Chile, with whom Peru had a long-standing rivalry dating back to the War of the Pacific (1879-83), was regarded as a particularly dangerous threat, and the two countries embarked on an arms race that involved Peru in vast expenditure on sophisticated Soviet weaponry that it could not afford.

The early years of the Velasco government were marked by a heady opening in foreign relations. Peru established friendly relations with all the Communist countries and became a champion of Cuba in its long-running feud with the Organization of American States.

At the same time, Peru became an active member of and spokesman for the movement of nonaligned nations, playing host to their foreign ministers' conference in 1975.

New World Role

An outspoken role on the world stage was something quite new to Peru, and for a few years it became one of the leading Third World countries, setting the pace in demanding a restructuring of the world economy and of international organizations. It was during this period that Peru's doctrine of a 200-mile limit of territorial waters — first put forth in 1947 — began to win converts.

Gen. Velasco's replacement by Gen. Francisco Morales Bermudez in August 1975 brought significant changes in foreign policy as well as in other areas of government. Peru's Third World connections were played down and more emphasis was placed on improving relations with immediate neighbors.

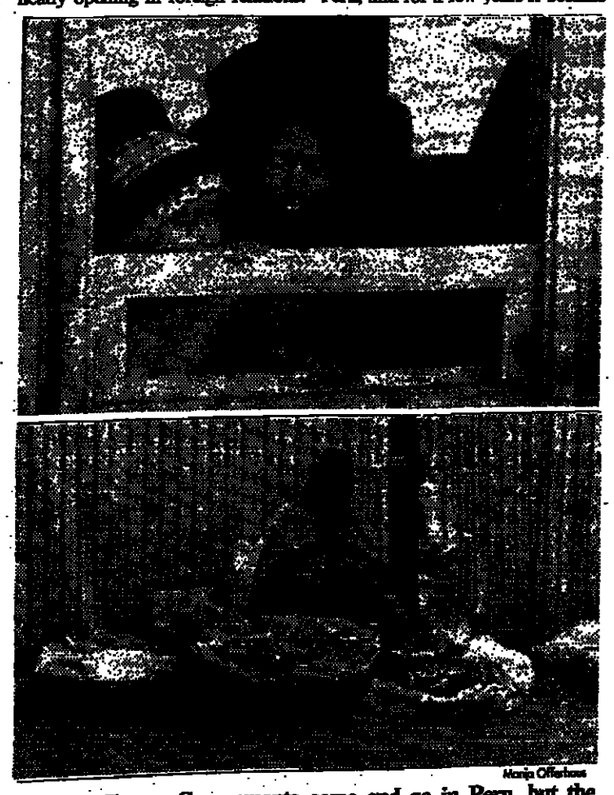
Andean Pact

The Andean Pact — Bolivia, Peru, Colombia, Ecuador and Venezuela — took on new importance, and it was in this area that Peru's most interesting recent policy initiative took place. Then Foreign Minister Carlos Garcia Bedoya took a leading part in organizing collective Andean support for the Sandinista National Liberation Front in Nicaragua in the closing stages of its efforts to oust Gen. Anastasio Somoza, helping to give the Andean grouping a political dimension it had previously lacked.

A few months ago, Peru became embroiled in the dispute with Cuba that was the forerunner of a mass exodus of Cubans from the island. This incident appears to reflect the change that had come over Peru's foreign stance since the days of Gen. Velasco.

Peru's ambassador in Havana refused to give asylum to a group of Cubans who burst into the embassy demanding protection. The ambassador agreed with Cuban authorities that they were not political refugees and therefore had no right to asylum, a point of view which cost him his post in the foreign service. After the Cubans withdrew police protection at the embassy, more than 10,000 persons jammed into it. Relations with Cuba subsequently fell to a very low ebb.

—C.H.



Familiar Faces: Governments come and go in Peru, but the faces of rural women on trains and in markets remain the same.

Maria Offerhaus

At a Glance

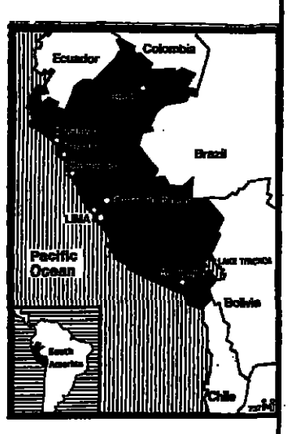
Despite improvements in internal communications, Peru remains a country of distinct personalities determined largely by the north-south divisions of *la selva, la sierra* and *la costa* — the vast Amazonian savannah, the Andean highlands and the arid coast.

Asked to sum up the difference, a musician playing at a Saturday night dance in a tiny village along a tributary of the Amazon said, "It's easy — the *serrano* moves only his shoulders when he dances. People from the *costa* and the *selva* move everything."

More than 50 percent of the country's 18 million inhabitants are Indians, descendants of a rich layer of cultures that spread out at one time across a third of South America. Mestizos or *chollos*, the mixture of Indians and the Spanish conquerors, make up another 37 percent and Europeans about 13 percent.

Peru is the home of most of the world's hot peppers; an amazing array of potatoes, Chinese restaurants called *chifas*, a little-known black African coastal culture that has added much to the country's music through an intriguing instrument called a *cajon* — a wooden box used as a percussion instrument — and a love of intrigue and conversation easily discernible throughout its history.

Peru has been well-served by novelists and poets like Jose Maria Arguedas, Mario Vargas Llosa and Cesar Vallejo who have successfully portrayed the country's special characteristics.



Peru is full of archeological and architectural wonders from the Inca fortress at Macchu Pichu and the churches of Cuzco to the beautiful tapestries of the Paracas culture.

It is a country that has often resorted to forced political exile for those out of favor and where the same names pepper the pages of its history.

In the same country Indian children count in Quechua while children with English surnames ride surfboards at the beach near Lima.

Foreign Firms Find New Oil Deals Tough

By Michael L. Smith

LIMA (IHT) — Petroleum and politics often go hand in hand in Latin America. The most recent example is the negotiations between the outgoing military government and two foreign oil companies — Occidental Petroleum Corporation and Belco Petroleum Corporation — over the production split of their exploitation contracts. The new contracts are generally regarded as being some of the toughest on foreign oil companies and, therefore unlikely to generate future interest from foreign capital towards increasing Peruvian oil output.

For a while it seemed that indications from the new Popular Action government pointed to more lenient treatment of investors, but President-elect Fernando Belaunde reportedly told outgoing Finance Minister Javier Silva Ruete recently that his party was 100 percent behind the government in its negotiations with Oxy and Belco.

The new oil agreements basically retain the 50/50 production split which characterized the model Peru contracts, the first of which was signed nine years ago. But now contractors will have to pay their own taxes — about 68.5 percent on income and remittances — in crude, which means that the split is closer to 74/26.

Previously, Petroperu, the state oil company, paid the income tax. Because of the complicated tax rulings and the rapid rise in international oil prices, Petroperu ended up paying more in taxes than it received in oil from Oxy and Belco. Under the new terms, Peru will receive as much as $300 million more, according to Mr. Silva Ruete, who negotiated the new contracts.

However, the new contracts do not make the oil companies very happy. Occidental produces well over half of Peru's 200,000 barrels per day from its jungle concessions. Belco has its operations offshore in northern Peru. The new contracts will reduce their profits to a third of what they were, and oil sources say that there is little margin left over to investment.

Aside from the fact that the renegotiations changed contracts before they ran out, the oil companies disliked the political pressure put on them.

However, the new Popular Action government will probably change the approach to oil companies. Manuel Ulloa, Mr. Belaunde's economy minister, says that instead of having production splits in the future, Popular Action will have the foreign companies enter into partnership with Petroperu, with the state oil company putting in its own share of the working capital. Mr. Ulloa says the target will be to double oil output in the next five years with an eye to exporting 250,000 barrels a day.

This thinking reflects widespread concern that if Peru does not step up its oil exploration and development, it may have to begin importing oil to cover local demand by 1983. A World Bank report on Peruvian oil prospects says that about $2 billion should be invested in exploration and exploitation over the next five years. Forty percent of that figure would come from Petroperu, which means that the company would take the initiative for the first time in its 12-year existence. As a first step in that direction, the World Bank will provide $32.5 million in financing for a $50.7 million program of improving secondary recovery on the coast and developing Petroperu's jungle operations that now produce about 16,000 barrels a day.

There is general agreement that there is still plenty of oil to be found in the jungle and natural gas offshore.

The military government set up Petroperu as a replacement for a smaller state company and began exploring in the jungle. Petroperu struck a wildcat on its first well and was soon followed suit by Occidental. Close to 20 foreign firms also took a try at exploring the jungle, but by the mid 1970s all but Occidental had given up.

Meanwhile, the government and Petroperu had started construction of a $700 million Trans Andean oil pipeline to bring out what they hoped would be enormous deposits of crude. The results were much more modest.

But before the jungle oil could be brought out, Peru was hit by the 1974 oil price increases.

Peru exported about $650 million worth of oil last year and is expected to be selling about $900 million this year, making petroleum Peru's most important export.

The Rise and Fall of the Foreign Debt

By Oscar Ugarteche

LIMA (IHT) — There is a saying that God is Peruvian which seems to be borne out by a look at the history of Peru's foreign debt.

Peru began to borrow abroad in a big way in the early 1960s, when newly-elected President Fernando Belaunde Terry found that he was unable to obtain cheap credit from official sources in the United States because of his threat to expropriate the U.S.-owned International Petroleum Company.

The dispute between the Peruvian government and IPC, the country's main oil producer, had been rumbling on for decades, and Mr. Belaunde had made a prompt and honorable solution to the controversy of one of his election campaign pledges.

President Belaunde's platform also included promises of rapid economic development and profound social reforms. Fulfillment of these undertakings required a high level of subsidies for both consumer goods and job-creating employers, as well as a high rate of public investment.

The government could not afford such a program from its ordinary revenues, as the level of taxation was low, and the opposition-dominated congress was determined to keep it that way. Customs duties on intermediate goods were also kept low for the benefit of newly-established local assembly industries.

Borrowing Limit

So the Belaunde government was forced to turn to the New York-based international banking community for funds. By 1967 Peru was already at the limit of what was then regarded as acceptable borrowing levels. This inability to obtain any more money from traditional sources coincided with a domestic economic crisis, caused by a lack of new private investment and large-scale flight of capital.

In mid-1968, at the height of the crisis, Manuel Ulloa, a well-connected local businessman, was appointed economy minister and quickly set about refinancing some $200 million of Peru's existing foreign debt. He was able to do this because he reached an agreement with the opposition, led by the APRA party, and in return was given *carte blanche* to modify Peru's banking laws and taxation system.

However, Mr. Ulloa's initiatives came too late to save President Belaunde's tottering government, and in October 1968, the army took over, after the signing of what was widely regarded as an unacceptable agreement with IPC.

The military government's immediate nationalization of IPC's oilfields on the northern coast led to an economic blockade of Peru by the United States, resulting in a cutting off of official U.S. sources of credit. The World Bank and the Inter-American Development Bank also joined in the boycott.

High Public Expenditure

The Peruvian government was again forced to turn to the international banking community for development finance. This time around it was the Euromarket. From 1973 onward, Peru's military rulers borrowed at levels far in excess of what the national economy could sustain. They were committed to very high levels of public expenditure but had hardly increased the rate of taxation at all.

Between 1973 and 1976 Peru borrowed a total of $2.2 billion on the international financial markets, out of a total of $4 billion committed during those years.

International bankers were happy enough to lend to Peru on this scale because they were confident that it had sufficient quantities of copper and oil in the ground to enable it to pay back the money when the loans fell due. As it happened, Peruvian oil failed to measure up to expectations, and new copper projects came onstream at a time when the international markets had reached an all-time low.

By 1976 the long-term debt amounted to $3.5 billion, debt servicing added up to nearly $500 million and international reserves fell at a rate of $2.4 million a day throughout 1976 to reach $752 million by December of that year. Exports grew by only 7 percent during 1976, and the economy could no longer carry on.

The Peruvian government was forced to seek a balance of payments loan from the international banks on terms that implied strict austerity in public expenditure. However, the government promptly broke these terms by purchasing Soviet-made Sukhoi jet aircraft.

This led to a breakdown in the relationship between Peru and the banks, and the government had no one else to turn to but the International Monetary Fund. The usual IMF recipe of austerity measures was so unpopular that the government felt unable to enforce it strictly until it was obliged by circumstances to do so in 1978.

Long Negotiations

Two long years of negotiations, including three breakdowns, were required to force the Peruvian government to its knees. In the meantime it endeavored to apply a moderate stabilization policy, and by May 1978 the country was virtually bankrupt.

The total foreign debt had risen to $8 billion, and international reserves had fallen to an incredible $1.2 billion. The proportion of export revenues earmarked for debt repayments had reached 56 percent by 1978, and was expected to rise to 58 percent the following year. It had become impossible to service the debt while keeping the economy moving.

President Morales Bermudez decided that a new economic team was needed to win the confidence of the international bankers. So, the military finance minister was removed, and replaced by Javier Silva Ruete, a civilian technocrat. At the same time, an experienced official, Manuel Moreyra, was brought in to head the central bank, and by September 1978 nearly $2 billion worth of foreign debt had been refinanced with the international banking community.

The 1968 crisis was largely solved by a sudden increase in the price of fishmeal, one of Peru's main exports, in 1969-70. In much the same way, the prices of oil and minerals boomed in 1979 and helped to pull the country out of its worst-ever economic predicament. By last December the central bank had collected $1.2 billion more than it had expected when it conducted the debt-refinancing negotiations in late 1978.

Consequently, Mr. Silva Ruete and Mr. Moreyra were able to take the decision to repay $337 million of the debt ahead of schedule, in January this year, and at the same time decided not to take up a $225 million refinancing package agreed with the "Paris Club" of creditor nations.

The international mineral markets took another plunge in late April, as the effects of the growing recession began to make themselves felt in the industrialized countries. This is bound to have far-reaching effects on Peru's capacity for economic recovery.

Faced with the pent-up demands of a population that has been badly hit by the stabilization policies followed since 1976, and by debt repayments that will still amount to 30 percent of exports in 1982, the new government of President Belaunde will probably have to turn to the international financial markets yet again.

'Lords of Peru': New Manager Class Profits Despite Crisis

By Hugo Cabieses

LIMA (IHT) — The clock seems to have been set back in Peru following the recent election of Fernando Belaunde Terry, who 12 years after his overthrow by the military, returns to office as president July 28 surrounded by many familiar faces. But while the politicians are well-known, a new managerial class has replaced the "lords of Peru" — the landowners, the agro-mining exporters and the bankers who formerly pulled the strings behind the scene.

What Manuel Ulloa wanted to do as economy minister in 1968 — foster a strong, modern industrial managerial class — was accomplished by the military, more than likely without their intending it.

Mr. Ulloa will again head Mr. Belaunde's economics team, and this time around he will be free of the nearly feudal system of land management, the old exporters and the traditional bankers.

Import Substitution

Industrialization arrived late in Peru. In 1950 Peruvian industry represented less than 18 percent of the gross national product. In the mid-1960s industry represented almost 30 percent of the GNP.

Industry based on the assembly of products intended for the local market and made from imported parts was set up at that time. It began having difficulties almost immediately.

The first signs of trouble occurred during the 1966-68 balance of payments crunch when hard currency to buy the necessary inputs grew scarce. Local industry was unable to turn out goods, and the economy as a whole suffered.

The military took power with plans to reorganize the entire economic system but stuck with the import substitution model for another three years.

Between 1968 and 1975, the state doubled its role in an industry growing increasingly dependent on foreign inputs. The domestic market, meanwhile, had expanded considerably because of an increase in real wages of about 50 percent during these years.

There was some manufacturing for export during this time, mainly in textiles and fish processing.

But by the end of 1974, industry started to lose momentum when the local market began to shrink because of a drop in purchasing power. The export sector alone was not able to carry the burden of financing the foreign exchange required for necessary parts and machinery imports. Several business groups began to think seriously about changing their industrial strategy to reorient their efforts toward exports.

State support was vital to achieve this industrial reorientation. In 1969 a tax rebate system was set up through which manufacturers were able to reduce their tax burden if they exported. The objective was to make Peruvian industry competitive in international markets. In 1969 exports amounted to $23.5 million. Five years later they rose to $154.3 million.

Critics of the rebate or *certex* charged that it was a substitute for capital and cost the state too much. They said it was not fair for exporters to rake in money while the government drastically cut subsidies for basic foodstuffs.

Several aspects of the *certex* legislation were modified in 1975, and the volume of non-traditional exports immediately dropped to $107.5 million. Because of a 1978 law promoting exports, the volume rose to $700 million last year.

Corporate Profits Up

Despite what central bank head Manuel Moreyra has called "the worst economic crisis" in Peruvian history, several business groups are doing better than ever. Between 1972 and 1978 corporate profits as a share of national income grew twice as fast as personal income, and this has helped these business groups become the new "lords of Peru."

Banks and other financial institutions have made enormous profits that have served as a basis for growing capital monopolization.



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Drug Crackdown Cuts Wide Swath

By Charles A. Krause

IMA (WP) — Frank Tweddle Granda was seated in the first ss section of an Aeroperu flight out to leave for Guayaquil, Mi- and New York, when two Peru- n customs agents boarded the ne March 13. The agents asked eddle to disembark to "resolve a y problem with your luggage."

Inside Lima's airport, Capt. anuel Prieto Salas confronted Mr. eddle, a retired Air Force gener- and former president of Aero- ru, with one of the suitcases he d checked aboard the flight.

Inside the suitcase, carefully apped and hidden beneath shirts nogrammed with Mr. Tweddle's tials, were three small packages ntaining more than 1.25 pounds pure cocaine — worth more than million at the retail price on the eets of the United States.

Big Drug Seizure

It was one of the largest drug zures in Peruvian history and the st time that a high-ranking mem- s of Peru's military elite had been arged with trafficking in cocaine. The arrest was also the first in a ies of steps the Peruvian govern- nt has taken over the past several nths to clamp down on the $500 illion yearly cocaine trade, which w rivals oil and copper as an ex- rt earner here.

As in Mexico and Colombia, ere the drug traffic generated bil- ns of dollars a year before the vernments decided to act, Peru's ilitary authorities now see the lo- l cocaine industry as threatening ir control over whole sections of e country.

The military also knows that co- ine money is beginning to corrupt oorly paid policemen and soldiers id that the health of more and re Peruvian teen-agers is being fected by the growing use of coca ste, a highly toxic and addictive bstance that once was exclusively r export.

Search-and-Destroy

In addition to stepping up sur- illance at Lima's international rport, where Mr. Tweddle was ar- sted, the government recently sent 0 armed policemen on a 20-day arch-and-destroy mission in ru's principal coca-producing re- on and is now beefing up police and paramilitary units assigned to the anti-cocaine effort.

"I think the Peruvians are serious about stopping the narcotics trafficking," a U.S. Drug Enforcement Agency official here said recently. He was not overly optimistic that the belated campaign would more than inconvenience the rich and now well-organized drug traders in Peru, the world's largest producer of the coca leaves.

Mr. Tweddle, whose passport showed he had traveled to Miami nine times during the year before his arrest, is still in jail awaiting trial.

As recently as six months ago, these observers said, if an active or retired general were caught smuggling drugs, he would not have been prosecuted. Mr. Tweddle faces up to 15 years in jail if he is found guilty.

According to DEA estimates, Peru produces about 44 million pounds of coca leaves a year for the international trade. The leaves are refined into coca paste and coca base in Peru before these more valuable substances are smuggled to Colombia, where the base is transformed by a chemical process into cocaine.

The DEA has become more active in Peru. The United States is providing about $50,000 to help Peru combat the cocaine industry — a drop in the bucket considering the resources available to the traffickers.

The highly respected Andean Report, a monthly economic journal published in Lima, recently estimated that more than 900,000 of Peru's 17 million citizens are directly involved in the cocaine trade — most of them peasants who grow coca in the jungle areas of northeastern Peru near the town of Tingo Maria, fondly known to local residents as "Snow City."

The peasants receive only about $3.50 a pound for coca leaves, a minute fraction of the leaves' value once they are refined into pure cocaine, which sells for about $2,800 an ounce in the United States. But it still provides a small fortune in rural Peru.

The prosperity that has come with illicit coca production is evident in Tingo Maria, a town of 35,000 that has three car dealerships and 10 hospitals. As several dozen appliance stores do a brisk business in television sets even though there is no television transmission in the area.

"Commerce is run on coca money," a police official in Tingo Maria said recently. "When we make a raid, business drops and this town is dead."

Not Illegal

The growing of coca leaves is not illegal in Peru. In fact, the use of leaves for medicinal and ceremonial purposes dates back to before the Inca Empire.

In 1978, however, the government issued regulations saying that it would seize and destroy any coca farms larger than 24 acres after a two-year grace period. The March raid by 900 policemen was designed to demonstrate that the government was serious, although reports filtering back to Lima indicate that the national police managed to destroy only about 1,900 acres during the 20 days they remained in Tingo Maria.

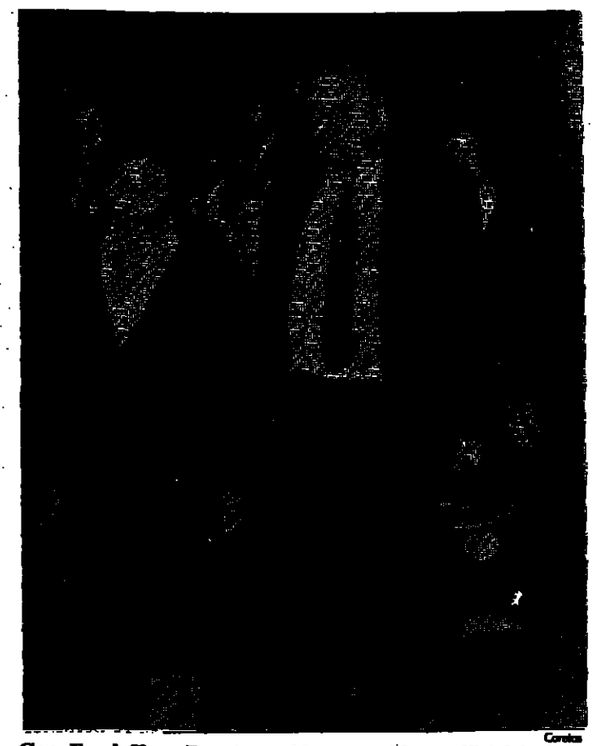
"And what about the 141,600 acres remaining?" asked Caretas, an independent weekly magazine that sent a reporter along on the raid.

DEA officials in Lima said the raids, were just a start and that the government has plans for further missions that will demonstrate to the peasant farmers that they had better begin switching their fields from coca to other crops or face confiscation and jail terms of up to two years.

Gen. Rolando Llanos Oliveros, the head of Peru's drug enforcement ageocy, said one of the primary reasons the government has stepped up antidrug activity is because a growing number of Peruvians, especially teen-agers, are using coca-based substances.

'Little Pistols'

Other informed observers say the military has also become increasingly concerned over drug money beginning to corrupt the armed forces and that the military's already tarnished image was being further blackened because of ranking officers' alleged involvement in trafficking.



Caretas

Gen. Frank Tweddle retraces his steps with an official during a recreation of his arrest for cocaine smuggling at Lima's airport.

Agricultural Decline Continues

By Colin Harding

LIMA (IHT) — Peru was, until recently, a predominantly agricultural country, and nearly half the population still lives in the countryside. However, the last 15 years or so have seen a steady decline in the value of agricultural production and a corresponding rise in manufacturing, which had overtaken agriculture as a proportion of the gross national product by 1968.

This was partly a result of government policy, which gave considerable financial encouragement to newly established manufacturing industries, while maintaining food prices at a low level for the benefit of both workers and employers in the urban sector.

The traditional ruling groups had begun to move out of agriculture and into more profitable manufacturing, mining and banking activities long before agrarian reform was put on the political agenda in the late 1950s, but they were still strongly represented in the prosperous sugar, cotton and rice estates in the well-watered coastal valleys when the military took over in 1968.

The new government quickly identified the structure of land ownership as one of the main causes of declining agricultural production. By the late 1960s, more than 80 percent of the wheat consumed in Peru was imported, together with virtually all the edible oils and a third of all meat and dairy products. The large, privately-owned farms of the coast tended to produce mainly for export markets, while the vast, rambling estates in the Andes had become bogged down in social conflicts between the owners and their Indian tenants and neighbors, grouped in long-established *campesino* communities.

In order to gain control over the planning of agricultural production and, as they thought, to unleash the true productive potential of Peruvian agriculture, the government decided that a thorough agrarian reform was indispensable.

It was an accepted truth among all shades of left-wing opinion in Peru that the coexistence of a relatively small number of privately owned estates and many thousands — 720,000, according to the 1961 census — of tiny plots or *munifundios*, were at the root of most of Peru's problems. If this anomaly could be eliminated, it was thought, production would rise, prosperity would replace widespread hardship in the countryside and the balance of political power would shift decisively away from the traditional oligarchy.

The civilian government of President Fernando Belaunde Terry has made a similar diagnosis but had been able to do little about it because of a conservative opposition majority in congress.

Most Radical Land Reform

In June 1969, less than a year after taking power, the military government of General Juan Velasco Alvarado launched the most radical land reform program that Latin America had seen since the Cuban revolution 10 years earlier. The aims of the military reformers did not differ very substantially from those of their civilian predecessors. They sought to create the sort of medium-sized commercial farming class that American agricultural advisers had been urging successive Peruvian governments to foster for years.

At the same time, the military government made a sharp departure from previous agrarian reform practice by expropriating the large, commercial estates of the coastal valleys, beginning with the huge sugar plantations. These were precisely the most productive and profitable sectors of Peruvian agriculture, and for that reason had been regarded as sacrosanct by previous governments. The Velasco government was motivated by a mixture of political and economic considerations. The export-oriented commercial estates were a vital part of any attempt to plan agricultural production and were also an invaluable potential source of additional tax and other revenues.

There was never any intention of dividing these well-run estates into family farms. Instead, the government turned them over to cooperatives made up of the wage laborers previously employed by the private owners. The new cooperatives were encouraged to keep on the former technicians and managers wherever possible and were obliged to accept advice and supervision from government agencies.

The other motive for taking over the large estates was political. As the strongholds of the traditional oligarchy, they were easy targets. The same went for the great sheep ranches of the highlands, which were rarely of much economic value but symbolized the political influence of the local notables who had dominated congress during the Belaunde administration.

The expectations aroused by a great deal of radical rhetoric about the end of the landowning class and social justice for all, as much as the very real pressures on land in many parts of Peru, helped to change th whole emphasis of the reform soon after it had begun.

Landowners had at first been encouraged to parcel up their estates among their workers and tenants themselves, without waiting for the land reform officials to do it with the weight of the law. However, the results of this attempt to speed up the transfer of land ownership were so disastrous that the whole idea had to be abandoned.

The authorities tried to deal with this problem by creating larger and larger cooperative-style units, which were thought to offer the advantages of economies of scale and greater potential for job creation. In the highlands, where ranches employing few workers were the rule, tenants and neighboring communities were brought together in a form of cooperative, which offered a share of the profits to the poverty stricken *campesinos* of the Indian communities.

The problem was that, at least in the highlands, very few of the new cooperatives ever managed to make a profit at all. Many of them had been created by lumping together a number of smaller estates in the mistaken belief that economies of scale would work their magic. Most of them turned out to be quite unwieldy, given the poor communications and wide variety of geographical and climatic conditions found in the Peruvian Andes.

Problems with Coastal Cooperatives

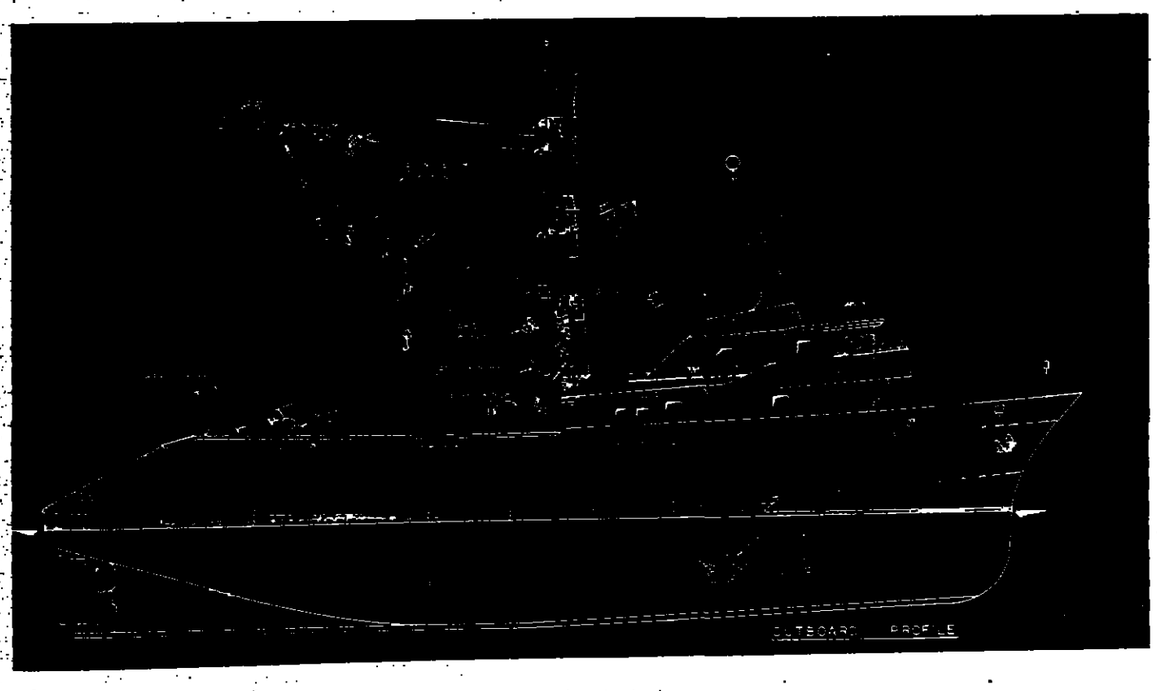
Similar problems arose on the coastal cooperatives. Many of the rural workers who felt they qualified for some benefits from the agrarian reform found that they got nothing at all. This was particularly true of the seasonal laborers who traditionally picked the cotton and cut the cane. They were not made members of the new cooperatives and found themselves in the same precarious, exploited situation as before. These tensions periodically exploded into land invasions, strikes and riots and obliged the government to seek ways of satisfying the demands of the disinherited. In the end they decided they simply could not. In the interests of maintaining production, the new cooperatives had to be protected from the encroachments of outsiders.

While the land reform failed to solve many social problems, and indeed created some new ones, it srecord with respect to production was also very patchy. The sugar cooperatives have suffered from both organizational problems and fluctuations in the world market, and on top of that the last couple of years have seen a very severe drought in the north. Agricultural output actdually went down by 2.4 percent last year, after remaining static in 1978. In general, the government failed to match the sweeping nature of the land redistribution with support services, credit and adequate prices for the out put of the new cooperatives. Until recently, the state marketing agencies continued the policies of previous governments of paying low prices for agricultural produce, thereby discouraging production.

While undeniably improving the lot of some rural workers, the agrarian reform has not measured up to the expectations it aroused among the mass of *campesinos*. To some extent this should have been obvious from the beginning, but officials preferred to think in terms of theory instead of looking at the reality.

Also, the dislocations caused by such a profound change in landholding patterns were bound to be considerable and to lead to enormous organizational, technical and even political problems. It is unlikely that the incoming government of President-elect Belaunde will try to turn the clock right back, but he will be under great pressure to allow private buying and selling of land again for the first time in 11 years, and he will probably prefer to indulge his predilection for jungle colonization schemes at the expense of any further land expropriations.

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FISHING HOLDS CAPACITY: (12 tanks), 604 MT of Tuna (0.8 stowage factor).

REGISTER TONNAGE: 814.36 GRT. RANGE: 10,000 Miles. TRIAL SPEED: 13.64 Knots. ACCOMMODATION: 22 Persons.

MAIN ENGINE: MAN GV-30/45 ATL, 1910 BHP/500 rpm. REDUCTION RATIO: 2.5:1. AUXILIARIES: Three electric sets SACM-MGO-L6-ASHR 370 BHP/1,800 rpm. Jeumont Schneider alternator 315 KVA, 460 V., 3 ph., 60 Hz each, one electric set BUKH 6K 105AU 73 BHP/1,800 rpm and 70 KVA.

FREEZING PLANT: Two ammonia compressor STAL-ASTRA SVK 180 KW/3,510 rpm each fish holds temperature: —0.8° C brine circulation and —20° C dry.

FISHING EQUIPMENT: BRISSONNEU & Lots S-160 15.5 fishing winch, Tradeco 42" Power block.

NAVIGATING EQUIPMENT: Two FURUNO FRC-40 radars, two JRC echosounder NJA 175 D style 540 m fathoms, Frydembo HS 308 steeping system, sestrel magnetic compass.

COMMUNICATION EQUIPMENT: JRC main transmitter NSD-7 1,200 W. Main receiver JRC-NRD-70A. FURONO: Alarm signals receiver RAL-30 A. Transceiver NS-3 A 100 W. Transceiver VF-25NM 25 W. Intercommunication equipment with three masters and seven stations.

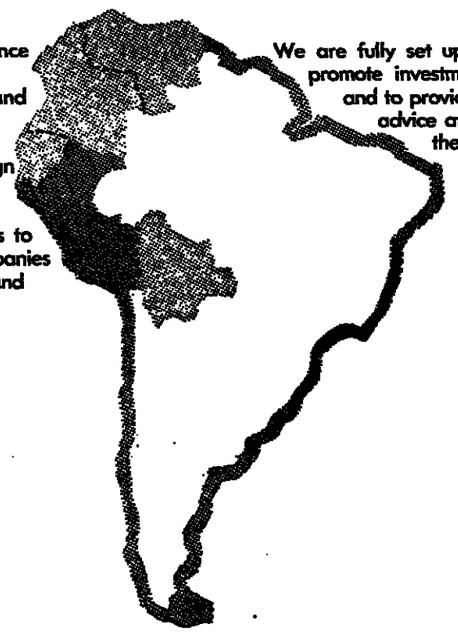
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Belaunde Aims to Put Private Agriculture Back on Its Feet

By Juan de Onis

ICA (NYT) — When President-elect Fernando Belaunde Terry came here as a candidate in May, he held aloft a red and white Peruvian flag and a shovel, his political symbol.

"We have to start rebuilding this country!" he shouted, and 10,000 people in the main plaza roared approval.

For many people in this farming community, four hours by truck from Lima, rebuilding Peru after 12 years of military rule means putting private agriculture back on its feet.

The military who ousted Mr. Belaunde from the presidency in 1968 and seized power under Gen. Juan Velasco Alvarado carried out a major land redistribution program that took 18 million acres from coastal plantations and highland farms and ranches and turned them into state-controlled peasant cooperatives.



Manja Offerhaus

Indian women selling produce are a common sight in Peru.

Farm Production Disrupted

The socialistic civilian advisers who shaped the military's agrarian policies intended to produce an anticapitalist revolution in this country of 18 million people. In fact, what happened was a major disruption of agricultural production, the impoverishment of many peasants who were forced to migrate to the cities, and a retreat by the military from the political radicalism of Marxist groups. These now attack the government because of its failure to give the peasants effective power on the land.

President Francisco Morales Bermudez, who ousted President Velasco when the "revolution" plunged Peru into a crisis of inflation and foreign debt in 1975, maintains that the agrarian policy is irreversible. But he halted land expropriation and has ended price controls on some farm products, to the benefit of private farmers.

Mr. Belaunde, 68, is a modern-minded architect who avoided during his campaign using the term agrarian reform — now associated with food shortages and inflation approaching 70 percent.

"It's a crime," said a shopper named Amelia Rodriguez, noting that the grocer wanted 40 *soles*, the equivalent of 18 cents, for one turnip. "When you go to the market you don't know if you will find meat, milk or sugar."

The official explanation for the shortages is drought, which has been severe. But private farmers in this region, an irrigated oasis in the desert like California's Imperial Valley, say that the disruption of management is the main problem behind declining food output.

After the political rally, Mr. Belaunde and his wife, Violeta Correa, attended a large reception at the palatial home here of Jorge Pizano, a former landowner who makes his money now in warehousing and tourism and as a business representative.

Among the guests was Ismael Benavides, a pioneer in fruit plantations here who lost his 1,200-acre farm under the land redistribution program.

Hacienda Goes to Waste

"I invested $4 million in my hacienda during the 1960s," said Mr. Benavides, who is now in banking in Lima. "I planted 20,000 apple trees, olives, pecans and introduced macademia nuts. It has all gone to hell since the government took the place."

"The cooperative has been unable to even keep the trees alive," he said. "They didn't keep the pumps running and trees died for lack of water. Some of the olive trees were cut down for firewood. There are now 60 families living on plots there like squatters."

Jose Maria Caballero, a Marxist economist who has done major research into the workings of the 1,800 state farm cooperatives, agrees that management is the central problem.

'Vigilant Eye' Lacking

"The cooperative members generally think like salaried workers who are not responsible for the economic results," Mr. Caballero wrote in a recent study. "They don't have the vigilant eye of an owner to control what happens."

Mr. Belaunde's "Action Plan for Government, 1980" offers private farmers who escaped expropriations — aimed primarily at properties of over 100 acres — a legal guarantee against further property seizures. Mr. Belaunde has also promised to increase credit for private farmers and to remove the remaining price controls.

"The main priority must be to strengthen agriculture and livestock production, which will assure improvement in the supply of basic products for the whole population," he said.

None of the political leaders is talking about dismantling the cooperatives, where 250,000 families now live or work. But in a market economy, private farmers who are able to produce efficiently and have credit will play a growing role.

Operation Condor

By Bayard Webster

LAUREL, Md. (NYT) — The rugged mountainsides of northern Peru are soon to be home for six young fully fledged Andean condors from the Patuxent Wildlife Research Center here in an unusual scientific experiment that has aroused the interest of wildlife researchers around the world.

The transplanting of the condors, scheduled for July 10, will be followed later this summer by the transfer of four small hand-reared Andean condor chicks from the Bronx Zoo in New York City to the same site in Peru.

The events are part of an elaborate program involving two countries, scores of scientists, a dozen research organizations and many amateur volunteers. It is aimed at using the more populous and easily raised Andean condor to find the most practical and efficient way of saving the small population of California condors from almost certain extinction.

Using new technology, such as lightweight solar-powered radio transmitters attached to the birds' wings, the researchers will monitor the Andean condors' survival, eating habits, adaptation to their wilderness environment and reproductive capability. If the project is successful, the same methods will be used in Southern California, where the population of the California condor has been reduced in recent years to an estimated 25 birds.

Several years ago, the research center began to experiment with the huge bird, which is the closest relative to the slightly smaller California condor. The South American species is one of the world's largest and heaviest flying birds. The males can weigh up to 30 pounds, with a wingspan of 10 or more feet.

For the first few days or more, the Patuxent condors will be kept in large cages. They will then be let out to fly around, but a research will continue to feed them until they can find their own food, which is carrion.

A different procedure will be followed when the Bronx Zoo's four baby condors arrive in the South American mountains a month or more later.

Extreme care is taken to be sure that the baby condor chicks never see a human form. The birds are enclosed in small boxes with one-way glass on one end to permit observation by outsiders but preventing the birds from seeing people.

The baby birds are fed by a unique and elaborate ritual, using a hand puppet that simulates a mature condor.

This experiment, designed to prevent any possible imprinting of humans on birds, differs from the Patuxent rearing methods. There the condors are bred and raised by their parents in huge cages and simulated caves and frequently see their human keepers and observers.

Dr. Donald Bruning, curator of birds at the Bronx Zoo and director of the zoo's condor breeding program, will accompany the four baby condors on their flight to the Peruvian peninsula. He said the birds would be kept in enclosures in the mountains that would prevent them from seeing humans, unlike the conditions set up for the Patuxent birds. After several months, they will be put in larger pens that enable them to see the mountains and, when fledged, they will be released.

The Peruvian project, planned under the supervision of Dr. Stanley Temple of the University of Wisconsin, calls for yearly revisiting by scientists and monitoring of the birds for the next five or six years, the life expectancy of the solar-powered transmitters. Different methods of trapping condors for research will also be tried.

The condor's new home is some 500 square miles in the central mountain range, more than 1,000 feet above sea level and surrounded by desert and sea coast already inhabited by many native Andean condors. This will allow the birds to interact with their wild relatives. The area contains many secure roosts among the rocks, enabling the younger birds to climb to elevated perches from which they can launch their early flights.

World Economic Trends Could Bust Mining Boom

By Bernard Halloran

LIMA (IHT) — During the last year and a half, Peru's mining sector has enjoyed its most lucrative period since the boom years of the early 1970s. But with the recession now deepening in the industrialized countries of the northern hemisphere, international metals and minerals prices are being subjected to mounting pressure. The coming months could bring a drastic change in the fortunes of an industry which forms one of the central pillars of the Peruvian economy.

At the moment, however, the mining industry in Peru is in its strongest financial state for many years. Income from overseas sales of copper, lead, zinc, silver and iron ore rose by a staggering 70 percent last year, reaching an all-time high of more than $1.4 billion.

Last year's improvement in the country's trade balance was due almost entirely to this spectacular increase in mining revenue. Copper exports rose by $250 million to an estimated $630 million. Production, on the other hand, registered only a modest increase during the same period.

Silver Prices Soared

At the height of the boom, copper prices stood at more than $1.40/lb., some 75 percent ahead of their average level last year. Even more spectacularly, silver prices soared above $50 an ounce, having averaged $10 or less last year. In February, officials were predicting that Peru's silver earnings would surpass $1.1 billion this year, and that silver would take over from copper and oil as the country's major export earner.

But silver prices have tumbled to $15 or less, in response to the action taken by the United States government. Peruvian officials, for their part, are proving unusually reticent in issuing new estimates of the likely returns from silver sales during 1980.

Their reluctance to come up with new figures is largely explained by fears that a number of Peruvian mining companies may have been badly caught out by the sudden collapse of the world silver price — as indeed was the government itself toward the end of last year when the initial surge in silver prices was getting under way.

Minpeco, the marketing division of the state mining corporation, foolishly indulged in a large-scale speculative sale on the New York futures market in the misplaced belief that prices were due for an early fall. Within weeks, however, the price had doubled, and Minpeco lost an estimated $80 million on the deal.

Speculative Sale

Copper prices have also been moving steadily lower in recent weeks and are currently retreating toward the average levels of last year. The slowdown in industrial activity in the members of the Organization for Economic Cooperation and Development has brought about a sharp decline in international copper demand. Even the producing countries admit that world consumption could fall by 4 percent or more this year.

In the United States, which is the world's biggest consumer of copper, it has been predicted that demand could be cut by as much as 15 percent this year. A sharp decline, possibly in the region of 8 percent, is also forecast in Britain, while West Germany, too, may be unable to maintain consumption at last year's levels.

With output also set to decline, it is clear that Peru's copper income during 1980 will, at best, register only a modest increase.

President-elect Fernando Belaunde and his Popular Action party campaigned on a platform that promises a sharp increase in public spending. He has undertaken to introduce huge food subsidies, to channel large amounts of government money into the agriculture sector, hit by a series of severe droughts and to create new job opportunities by embarking on a major new public works program.

Ambitious Program

As yet, Mr. Belaunde has neglected to explain how he will find the money to finance this ambitious program, though many observers believe that he will be forced to rely heavily on the mining sector as a source of revenue. Mining tax, the cause of a considerable amount of friction between the private sector and the government of Gen. Francisco Morales Bermudez, could become a major political battleground.

Mr. Belaunde's election success has also helped to awaken the material aspirations of a population which has seen its living standards fall dramatically during the last few years of severe economic austerity. The real wages of the majority of the country's mineworkers, for example, have declined by at least a third since 1973; if their expectations are not met, there could be a speedy return to the sort of bitter industrial strife which seriously disrupted mine output between 1976 and 1978.

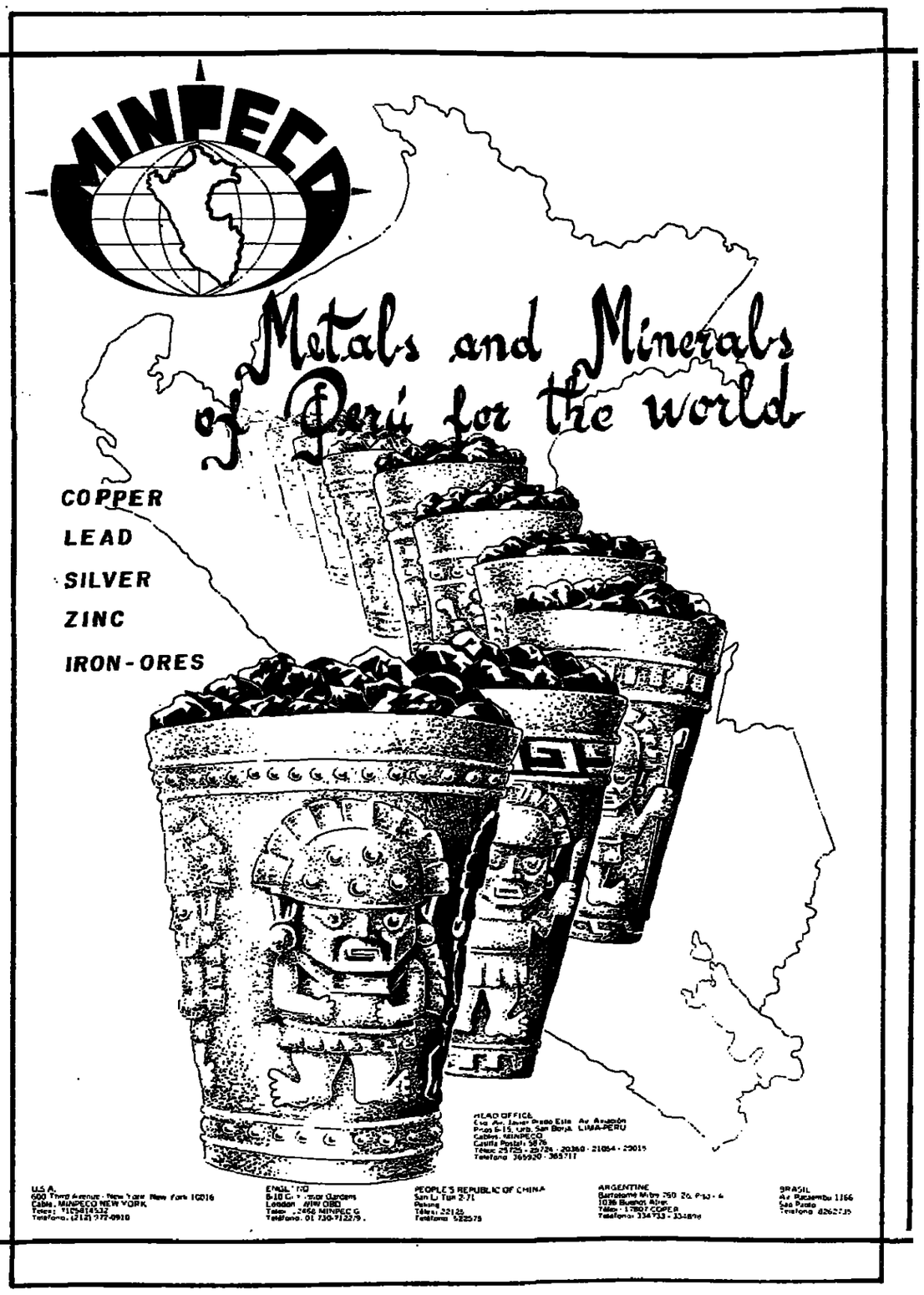
The incoming government has already suggested that it may seek to resolve the industry's poor production record by running down the major state mining enterprises and opening up the industry to large-scale foreign investment.

The record of the state sector in developing new production facilities is undoubtedly poor. Since it was founded during the era of the government of Gen. Juan Velasco Alvarado, the state mining company, Mineroperu, has succeeded in bringing on stream only one significant new copper mine — the Cerro Verde deposit in the south of the country.

Ventures Shelved

In the meantime, a whole series of new mining ventures have been shelved, mainly because of the state mining company's lack of funds. Increasingly, Mineroperu has been forced to look overseas both for finance and for new partners. But after several years of negotiations with groups of foreign, private mining corporations, Mineroperu is little closer to completing its plans for the development of such major projects as the Tintaya copper mine and the second stage of Cerro Verde.

The new government can be expected to continue these negotiations, though again the main fear is that in the present industrial climate it may be unable to woo any large-scale investment from overseas without offering the kind of financial concessions which could ultimately jeopardize the rest of its financial strategy.



Fishing Headed for Another Big Change

By Michael Smith

LIMA (IHT) — Fishing, one of Peru's most important industries, is headed for yet another change to cap off what has been a decade of traumatic alterations in the sector. The once-plentiful waters off the Peruvian coast have much less fish than they did 10 years ago, and the state-owned fishmeal producer, Pescaperu, other state companies and private companies are having to shift to more efficient uses of resources.

Changed Intentions

Another factor in the change is the stated intention of President-elect Fernando Belaunde to permit private enterprise to take the lead in developing the industry and to return at least part of the state productive capacity to private hands. However, the Popular Action Party has not not made clear when and how this plan would be carried out. A first step will probably be to restore trust between the government and private industry.

Last year Peru exported $365 million in fishmeal and $56 million in fish oil as well as $143 million worth of canned and frozen fish. This year's projections place fishing exports in the area of $730 million, but considering the level of fish stocks, this figure may be optimistic.

This year's catch limits have been set at 1.5 million metric tons for Pescaperu for fishmeal — including species other than anchovy — and 1.5 million metric tons for the private sector.

Depleted Stocks

There is concern that even this modest figure may dangerously deplete fish stocks in Peruvian waters. It is certainly nowhere near the record 12.3 million metric ton anchovy catch in 1970. At that time anchovy stocks were about 20 million metric tons, and conservationists recommend a 20 percent skim off in order to allow stock renewal.

Fishmeal has for the past 20 years been the mainstay of Peruvian fishing, but its preparation is a highly wasteful process of what is becoming a scarce resource so the emphasis is now being placed on canning and freezing.

For instance, EPSEP, the food fish division of the fisheries ministry, is looking for a foreign partner to develop a $15 million anchovy canning complex at the southern port of Ilo. The state is to retain 35 percent ownership.

More urgently, Peru's 500-boat industrial fishing fleet — compared to the 1,500-boat fleet in the boom period of the early 1970s — will have to be pared down to 200 boats. Last year the fleet averaged 25 days at sea per boat working on a rotating basis, mainly fishing off the southernmost coast near the Chilean border. Pescaperu is operating only about seven of its 37 fishmeal plants.

The fisheries' ministry and private companies operating the fleet are discussing a proposal to remodel 200 redundant ships to handle fish for canning and freezing. However, this is a costly process and would require investments of up to $50 million.

Inadequate Boats

Even the boats used to supply the food fish industry are inadequate. More than three-quarters of the catch spoils before it reaches port and has to be ground into fishmeal instead. Critics of private industry charge, however, that this waste is perpetrated on purpose because the canning companies serve as a front for fishmeal operations, which is supposed to be a state monopoly except in processing left-overs and spoiled fish.

Quick Fortunes

The depredation of the enormous anchovy schools began in the 1960s when investors flocked to open up fishmeal operations in hopes of making quick fortunes. Many of them did, including Luis Banchero, whose murder in 1971 caused a sensation.

Boom towns like Chimbote grew to a population of 100,000 in five years. There was almost no supervision from the state to prevent overfishing. Once the military took power in 1968, the race was to see who could milk the most out of fishmeal before the industry was expropriated. When the military did take action in May 1973, the anchovy catch had plummeted to a disasterous 1.8 million metric tons and many firms were bankrupt.

For the next few years Gen. Javier Tantalean, one of the most ambitious members of Gen. Juan Velasco's regime, ran the industry with political rather than economic objectives. He wanted to turn the large work force into his own political base.

Enormous fishing complexes, now described by fishing industrialists as white elephants, were constructed. New ventures including contracts with Polish and Cuban companies for production sharing operations were undertaken. And anchovy stocks were overfished in an effort to show that "revolutionary" policies could yield profits just as well as private industry.

Fickle Current

But "El Nino," a fickle, warm water current came south, pushing cold Humboldt Current water further out to sea. The anchovy disappeared — as did the pelicans that used to flock around the boats and markets. But the extended scarcity of fish indicates there is more to blame than "El Nino."

One of the most troubled years was 1976 when Pescaperu sold off the industrial fishing fleet in a desperate attempt to improve its financial standing and get rid of personnel. Fishermen struck for 54 days, but the strike was broken and so was the union.

Since expropriation the sector has been hampered by mismanagement and an excessive foreign debt.

The latest example of poor thinking is Pescaperu's sale of nearly 33,000 metric tons of fish oil last year that is needed now to cover local demand. The government, after dumping the company board, ordered Pescaperu to import the oil and sell it at old prices, making up the difference — about $60 per ton — from its last year's profits.

Dynamic Area

The most dynamic area of the industry is fish canning. About 60 new plants have been authorized in the past 12 months, and it looked like it would be the new boom industry — like fishmeal in the 1960s. But investors have recently held back on construction start-ups due to the low levels of fishing.

This sudden interest in canning is the result of the government's policy of subsidizing non-traditional exports — anything which Peru did not export before 1970 and requires at least a minimal level of processing.

Tax Rebate

In the case of fish canning, industrialists get a tax rebate worth about $.20 on every dollar worth of exports as well as other incentives like tax exonerations, reinvestment write-offs and low interest loans for financing exports.

The state has also become involved with Pepesca, the state canning company that was up for sale until last year. New management was put in charge, additional capital added — undercapitalization being a perennial problem with state companies — and results began to appear. The company showed a $4 million operating profit last year by exporting 230,000 48-can cases and 13,925 metric tons of frozen fish. Production was improved through a supervisory arrangement with the U.S. firm, Sun Harbor.

Pepesca operates out of the modern port of Paita on the northern coast and has six tuna clippers and capacity to produce 3 million cases per year plus 20,000 metric tons of frozen fish.

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CUT-OFF GRADE	TONNAGE	AV. GRADE
0.4% CU	665'000,000 Sh/Tn	0.659% CU
0.5% CU	390'000,000 "	0.751% CU

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Zinc	0.145%	1'773,000 Ton
Silver	0.246 Oz/Ton	299'750,000 Oz
Gold	0.00007 Oz/Ton	69,000 Oz
Molybdenum	0.0129%	157,000 Ton
Bismuth	0.0047%	57,000 Ton
Tungsten	0.0238%	290,000 Ton
Arsenic	0.0447%	389,000 Ton
Antimony	0.0082%	71,000 Ton

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TOROMOCHO open pilot pit



Manja Offerhaus

Two faces of Lima: Ornate wooden balconies, right, afforded women of colonial times a discreet place to watch people below. Today shantytowns spring up on hills surrounding the center.

Newspapers' Fate Thorny Issue for Belaunde

By Colin Harding

LIMA (IHT) — President-elect Fernando Belaunde has promised that one of his first acts when he takes office July 28 will be to resolve the question of the ownership of Peru's Lima-based national press. The fate of the daily newspapers has become such a thorny political issue that it promises to cause the new president his first big headache.

In 1974, Gen. Juan Velasco Alvarado's military government began an experiment to turn the Lima dailies into what architects of the plan said would be genuine organs of popular opinion and information.

The government expropriated the five newspapers still in private hands — one had been taken over in 1970, and another already belonged to the government — and announced that they would be handed over in due course to representative bodies of all the major sectors of the population — peasants, industrial workers professional organizations, and so on.

The government argued that the press had hitherto been the exclusive property of powerful economic interest groups, which had used it to further their own interests while keeping the people in the dark about what was really going on.

Interim Editors

Prominent left-wing journalists and intellectuals were selected as editors of the papers for an interim period, during which the designated representative bodies were supposed to organize appropriate administrative structures for the collectively-owned dailies.

This project was in line with the general ideological approach of Gen. Velasco's "brain trust," which believed that society could be radically reshaped without great upheaval, in accordance with plans drawn up by military strategists and their civilian advisers. The press was regarded as a crucial element in this gigantic exercise in social engineering.

According to military thinkers the Lima dailies — *La Prensa, El Comercio, Correo, Expresso* and *Noticias* — were the mouthpieces of entrenched interests in land, exports and finance, which they lumped together under the unflattering term, "oligarchy."

The reforms carried out since 1969 were supposed to have destroyed the oligarchy's economic base, so it was thought the newspapers should cease to reflect these out-of-date interests. The newspapers had also become articulate critics of the military government and seemed about to become rallying points for conservative opposition forces.

Some of the generals and their advisers may have seriously believed that the newspapers could honestly express the views and interests of the main groups of Peruvian society. But they never did.

The representative bodies in many cases did not exist, except in the plans drawn up in the ministries and barracks. Those that did were little more than creations of the military government and were often in open conflict with existing organizations that could lay a better claim to represent substantial social sectors.

The capital's main daily, *El Comercio*, for example, was assigned to the peasants through the National Agrarian Confederation, a body set up by the government in 1972 to compete for influence over the peasantry with the far more radical Peruvian Peasant Confederation, which was denied any access to *El Comercio*. Consequently, the interim period of government-appointed editors grew longer and longer since the organizations that were supposed to take over the newspapers failed to materialize.

By the end of 1975, Gen. Velasco had been removed in a barracks coup, and the government, by now in the more conservative hands of Gen. Francisco Morales Bermudez, had given up all notions of social experiment and had begun to look for a way out of the uncomfortable dilemma.

However, to have simply handed the newspapers back to their previous owners would have been a craven admission of defeat. Besides, the journalists themselves had been led to believe that they had a stake in their places of work and began to demand that the newspapers to be turned over to them.

The former owners continued to insist that, as they had never been paid any compensation, they were still the legal proprietors of the dailies. By 1979, President Morales was almost willing to concede them this point and described the takeover of the dailies as the military government's greatest mistake.

Protracted negotiations between the former owners, the journalists and the government failed to come up with an acceptable solution. The owners turned down a proposal that would have given them 60 percent of the shares and the other 40 percent to the journalists and printers.

Government interference in editorial content and approach was evident from the very beginning. The independent left-wing editors appointed in July 1974 did not last long. Within a year they had all been dismissed, along with the journalists they had hired and replaced by more amenable nominees, who proved willing to accept guidance from the general in charge of the government information office.

'For a while, the newspapers were a battleground for different political tendencies within the government, but in the end they were all reduced to the same level of boring, kowtowing predictability. Most of them lost circulation rapidly as readers grew tired of slanted reporting that always managed to justify whatever the government happened to be doing.'

The left-wing parties have vowed to settle for nothing less than the handing over of all the dailies to their workers, while the right has called for their immediate return to their former owners. President-elect Belaunde clearly inclines towards the latter position, but he has had to promise to safeguard the interests of the workers, albeit in some unspecified way.

For a while, the newspapers were a battleground for different political tendencies within the government, but in the end they were all reduced to the same level of boring, kowtowing predictability. Most of them lost circulation rapidly as readers grew tired of slanted reporting that always managed to justify whatever the government happened to be doing.

Major events of great public interest were often ignored, but this proved to be a blessing in disguise, as it created a demand for independent reporting. Magazines were not affected by the nationalization edict — although television stations were. The established magazines — as well as those of all political tendencies that have appeared since 1974 — have had checkered careers, suffering closures at times of high social strife and political tension.

Hunger Strike

Earlier this year the military government closed 10 magazines, claiming they had incited subversion. The editors of the publications covering most of the political spectrum went on a hunger strike inside Lima's cathedral until the ban was lifted.

While Peruvian journalists have not faced death by assassination squads — as has occurred to their colleagues in Chile, Argentina, Brazil and Uruguay — a number of them were forced into exile at one time or another and their publications closed.



Caballero

Staff members of nationalized newspapers demonstrate against returning them to their owners.

Peddlers Conquer City Center

By Juan de Onis

LIMA (NYT) — The streets of the once-elegant center of this former outpost of the Spanish colonial empire are jammed with peddlers, pushcarts and food stalls offering homemade artifacts, plastic buckets, antiques, dogs, corn on the cob and tropical fruit to a seething, pungent mass of humanity that overflows into the large squares, where street minstrels, clowns and fakirs perform.

In recent years the avalanche of provincial migrants to Lima has resulted in an enormous ring of shantytowns, euphemistically known as *pueblos jovenes* or "young towns" on the outskirts and has transformed the aristocratic plazas and thoroughfares into scenes resembling market day in the highland Indian villages.

"I can remember 20 years ago, my mother and her friends walking down Jiron de la Union with mink coats on their arms as they went to tea at the Hotel Bolivar," a Peruvian said. "Now you can barely make it through the swarm of vendors and you had better watch your wallet."

Jiron de la Union is a street for strollers that originates at the spacious Plaza de Armas, where a cathedral is flanked by the presidential Pizarro Palace, now renamed Tupac Amaru Palace in honor of an an Indian who revolted against Spanish colonial rule. Tupac Amaru was captured and killed by the Spaniards. His people, the highland Indians, have now conquered Lima.

Conquering Indians

Eugenio Quispe Becerra, who came here from Cuzco — the capital of the Inca Empire — with his wife and three children, has staked out a space on the sidewalk behind the Hotel Bolivar where he sells such tourist items as pottery, carved gourds, alpaca sweaters and ponchos, copper figures and rag dolls that look like those found in ancient burial urns.

"My wife sells here during the day, while I work at my auto repair shop, where we live out in the settlement called Tihuantinsuyo," said Mr. Quispe, who was seated on a big box with wheels where he stores his goods each night near the hotel.

The goods such as the alpaca woolens from Punono or the gourds from Huancayo that are offered for sale by Mr. Quispe and dozens of others who line Camana Street are bought in provincial marketplaces from highland Indian artisans.

Mr. Quispe said his investment in the handicrafts he sells was $500, a substantial amount in Peru.

He pays $10 a month in rent for a one-room adobe structure on the outskirts.

"Working for oneself is the only way to get anywhere," Mr. Quispe said. "I have worked in a factory as a mechanic. They pay you a miserable amount for a 12-hour day — until they find you are eligible for severance pay. Before that day comes they fire you."

Wandering Entertainers

At nightfall in San Martin Plaza, crowds of idle bystanders, mainly young men, form big circles around the wandering entertainers who work the streets for a living.

David Bravo, a wiry dark-haired man from the mining town of Cerro de Pasco, used to travel the highland villages putting on puppet shows and singing folk music under a government cultural program. This was canceled in a budget cut three years ago, so Mr. Bravo plays a long-necked four-string guitar in the plaza and sings politically inspired protest songs, such as the story of the "proletarian parrot" who screeched "Down with the prices! Up with wages!" until officials jailed the bird for disturbing public order.

Among those watching him sing was Jorge Vargas, a chemical engineering student who pays for his studies by producing a natural dye called cochinilla made from a tiny insect in a shed behind his home.

"I believe that what Peru needs is an intellectual guerilla movement, not an armed revolution," he said. "If we can develop our own technology for small-scale production we will not depend forever on the foreign multinational corporations that dominate our markets."

Artisanal Skill

The display of handicraft and cottage industry products sold by street vendors testifies to the skill of Peru's artisans, who are often listed in labor statistics as underemployed. The organization of this potential for production is limited by a lack of credit and the large-scale marketing organization of industrial plants.

The streets are the outlet for the goods. As Lima, a gracious old city of more than 4 million people, continues to grow in size and population, it is being invaded from every side, and high-income families are moving out to new residential areas.

Water Problem

In the *pueblos jovenes* like Tihuantinsuyo, where Mr. Quispe lives and which are subjects for Mr. Bravo's protest songs, water is a critical problem. The urban water system does not extend to the sand dunes where the young towns have sprung up over night house 2 million people.

Water is delivered by private tank trucks, which fill up at city facilities with free water and sell to young town residents for $1.50 for a 100-gallon drum.

According to a recent study of water sales by private tankers in 88 young towns, the residents are paying $10 million a year for water. Civic leaders in the settlements have presented plans to the water authorities for a water system that could be financed with the payments going to the truckers.

As soon as one settlement area is connected to new wells being drilled by the water authorities, the pressure of new migrants and growing population leads to the start of another young town.

"There is no way that we can keep up with an urban growth rate of 7 percent a year," an urban planner for the water authority said.

APRA: A Future Without Haya?

By Michael L. Smith

LIMA (IHT) — The modern political history of Peru can be written by following the fortunes of the American Revolutionary Popular Alliance — better known as APRA. And just as the country is going through a crucial period so is the party.

In less than 12 months it has lost its founder and guiding spirit, Victor Raul Haya de la Torre, and what its leaders saw as the golden opportunity to reach power for the first time in its 50 years of existence.

APRA and its presidential candidate, Armando Villanueva, placed a distant second behind Popular Action's Fernando Belaunde and lost in areas traditionally regarded as APRA strongholds. Its margin of victory in APRA-dominated districts was also reduced from previous levels. It was a stinging defeat.

Even though APRA's 27 percent showing in the general elections fell well below its traditional third of the electorate, it is still the most powerful political organization in the country. One way to explain Peruvian political reality to a newcomer is to tell him that every town in the country has three buildings — a church, a police station and an APRA headquarters.

Awe and Fear

APRA members are known for their single-minded dedication and fervor. APRA's opponents live in a combination of awe and fear at what the party's clannishness and power might do if it were in control of the country. Indeed, most of Peru's numerous political parties were created as a reaction against APRA.

The mastermind behind this political creature was Haya de la Torre, one of Latin America's most unique political thinkers and doers. (Peru can also claim Latin America's most original Marxist thinker, Jose Carlos Mariategui, a contemporary of Haya and his rival for influence among local intellectuals, who died before his prime in 1930.)

Haya provided an ideological framework for a lasting, mass-based political movement, mobilized the best of the middle-class intellectuals of his and later generations, formed a disciplined party and planned for the day when he would take power. That day never came.

In its early days APRA was branded as radical left wing and also developed an on-going feud with the army due to party-backed popular uprisings and military mutinies. In 1932 in the northern city of Trujillo the Apristas organized an uprising against President Luis Sanchez Cerro, shooting hostages, including officers and enlisted men, when they withdrew. The army retaliated with wholesale executions. The incident created an enduring enmity between the military and APRA.

For most of its first 30 years, APRA had to make deals with other politicians for political participation in exchange for backing because it was outlawed. In 1956 Haya led a sharp turn to the right in APRA's political orientation in order to win acceptance from the Peruvian establishment, but to no avail.

'One way to explain Peruvian political reality to a newcomer is to tell him that every town in the country has three buildings — a church, a police station and an APRA headquarters.'

Structural Changes

When the military took power in 1968 and began to act on a series of reforms, the APRA leadership realized that many of these structural changes were drawn from APRA's *original reform platform*. Haya skillfully steered a course towards coming to terms with the military. In 1976 President Francisco Morales Bermudez announced a truce with APRA. Haya later convinced the army that a constituent assembly would be a good stepping stone toward full civilian rule.

In the constituent assembly elections in 1978 APRA with the aging Haya at the head of the candidate list won its most impressive victory, just short of 36 percent of the vote. APRA's support of the military-sponsored "transference of power" was decisive in fending off a left-wing strike wave during the assembly and it looked like APRA would be the officialist party in the general elections.

Meanwhile, Haya presided over the assembly with paternal pride and finally got the public recognition that had been denied him till then. But halfway through his one-year term his health began to deteriorate rapidly, and he barely survived to sign the final document.

Impressive Display

His funeral in August was the most impressive display of public mourning ever seen in the country. Nearly one million people attended the week-long wake. (When Gen. Juan Velasco, leader of the 1960 military coup and president from 1968 to 1975, died in December 1977, his funeral also drew huge crowds, leading many politicians to think that the military reform years would leave a lasting political movement in its wake. Their expectations — and those of the APRA leaders after Haya's death — were proven exaggerated.)

That is when Armando Villanueva took the lead. Perhaps no party veteran represents APRA better. He can show the political merit badges of seven years of exile, seven of imprisonment and seven in hiding due to his involvement in the party's underground activities. Thanks to his incomparable knowledge of the party's inner workings, he cut short a power struggle for leadership of the party and became its presidential candidate.

One of the criticisms that has hurt APRA leaders the most came from Julio Cotler, a respected sociologist, who said that APRA no longer had the intellectual figures to compete with the left. Privately, some of the leaders acknowledge that the last 10 years under Haya had led to a political and ideological "deep freeze" because the "old man" did not like to be contradicted, and he had the final say in all important matters.

Mr. Villanueva abruptly opened up the party to some of its younger leaders and gave a new left-wing, vaguely social democratic slant to the party line in an attempt to do a quick face lift. But it was too late to have an effect on the elections.

Many observers are wondering whether 50 years of trying for but never reaching power, of being the eternal political outsider, of failure to attract independent voters may begin to wear down APRA's strength. There are already signs that party rivals like Andres Townsend are beginning to second-guess Mr. Villanueva's election strategy. What is less well-perceived is the dissatisfaction among the younger party leaders who have been waiting for the veterans — many in their 60s and 70s — to step aside.

Mr. Villaneuva turned down an offer from President-elect Belaude to join a broad-based government including most of Peru's parties. That means that APRA will not get a share in the managerial position that it needs to develop its younger leaders. The prospects for APRA in municipal elections to be held before the end of the year are also poor since Popular Action is expected to repeat its performance in the general elections.

The demise of APRA as a political force should not be declared too soon. In the early days of the military revolution many people said prematurely that APRA was on its way downhill. Although the going now will be even rougher without Haya to hold things together, the kind and quality of opposition the new government will face — as well as the very political future of Peru — hang in the balance.



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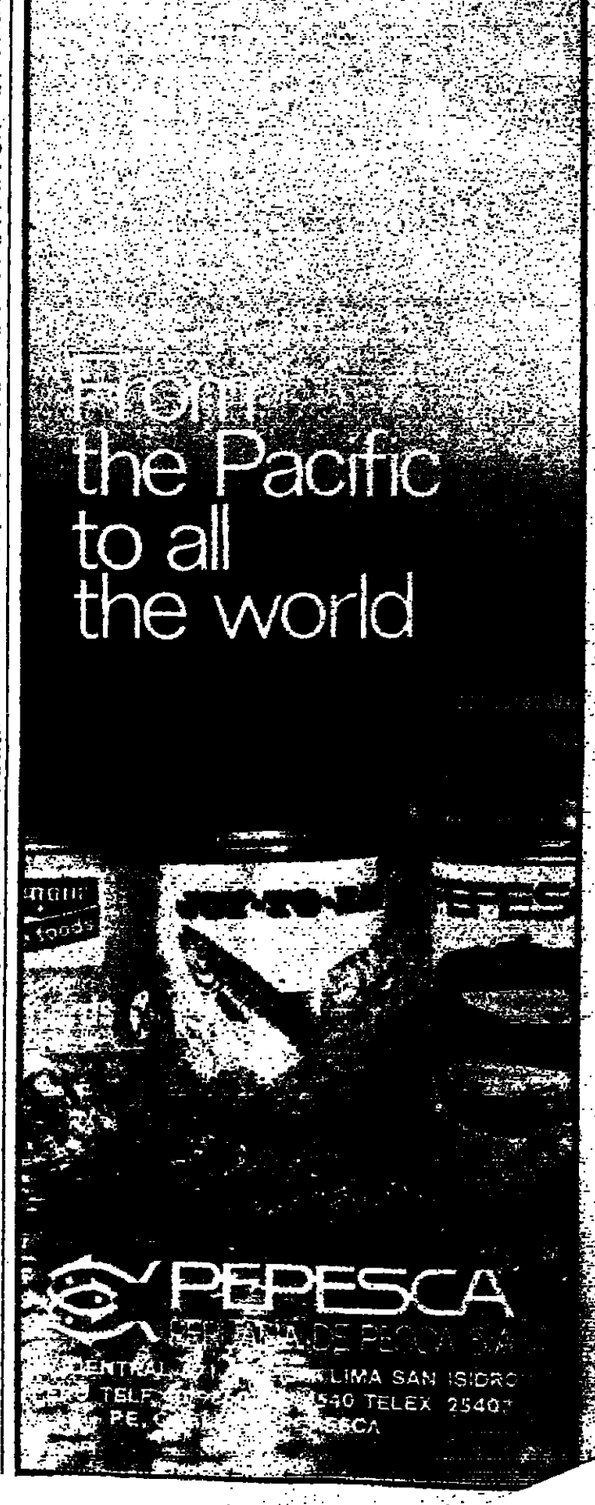
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BANCO DE LA NACION

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COMPARATIVE BALANCE SHEET 1979 - 1978 - 1977
(in $ Thousands)

	1979			1978			1977		
ASSETS		N/C*	F/C**	Total		N/C*	F/C**	Total		N/C*	F/C**	Total
Cash and due from Banks		688'192	435'382	1,123'574		39'453	57'451	96'904		29'192	54'545	83'737
Loans	1,068'041				770'210				486'689			
(–) Provision for Bad Debts	(40'212)	1,027'829	247'893	1,275'722	(9'628)	760'582	545'406	1,305'988	(6'084)	480'605	286'684	767'289
Investments	117'327				110'212				105'277			
(–) Prov. for Security Fluctuations	3'070	114'257	18'894	133'151	(190)	110'022	4'807	11'929	(85)	105'192	1'703	106'895
Gross Fix Assets	9'775				3'156				1'964			
(–) Depreciation	1'724	8'051		8'051	(1'576)	1'580		1'580	(1'608)	356		356
Net Fix Assets												
Other Assets		223'771	72'774	296'545		77'361	9'132	86'493		81'821	36'038	117'859
Sub total		2,062'100	774'943	2,837'043		988'998	616'896	1,605'894		697'166	378'970	1,076'136
Contingent Assets		1'018	540'236	541'254		328	1,127'248	1,127'576		149	768'566	768'715
TOTAL		2,063'118	1,315'179	3,378'297		989'326	1,744'144	2,733'470		697'315	1,147'536	1,844'851
LIABILITIES												
Demand deposits		1,111'836	56'554	1,218'390		327'591	71'766	399'351		192'935	42'983	235'918
Time deposits		262'007	409'001	671'008		237'905	109'552	347'457		223'154	61'643	284'797
Indebtedness from Banks and Agents		496'318	132'154	628'472		350'923	401'257	752'180		281'374	242'030	460'404
Savings Accounts		272		272		179		179		58	58	58
Other Liabilities	94'291				44'506				46'751			
(–) Advance Compensations	(23)	94'268	177'169	271'437	(26)	44'480	34'321	78'801	(23)	46'728	32'314	79'042
Capital and Reserves		17'550	65	17'615		15'530		15'530		11'469		11'469
Revaluation Surplus		1'147		1'147		92		92		34		34
Undivided profits		12'292		12'292		1'371		1'371				
Fiscal Year Net Profit		16'410		16'410		10'927		10'927		4'414		4'414
Sub total		2,062'100	774'943	2,837'043		988'998	616'896	1,605'894		697'166	378'970	1,076'136
Contingent Liabilities		1'018	540'236	541'254		328	1,127'248	1,127'576		149	768'566	768'715
TOTAL		2,063'118	1,315'179	3,378'297		989'326	1,744	2,733'470		697'315	1,147'536	1,844'851

1 US$ = S/. 230.00 – * National Currency – ** Foreign Currency

Banco de la Nacion has a status of juridical person of public right with its capital totally contributed by the State. Due to this particular condition it differs from other banks, but as far as its structure, types of operations and the possibility of being inspected by the "Superintendencia de Banca y Seguros" it is similar to private commercial banks.

On the other hand, the major volume of transactions is undertaken with the public sector, specially those related to the handling of the Peruvian treasury accounts; the collection of taxes and fiscal revenues, the payment of the foreign external debt; the importation of food stuffs and armament acquisition. These activites—as can be noted—can not be entrusted to ordinary banks.

Banco de la Nación has expanded its operation in a parallel manner to the considerable development of the public sector. For instance, the resources of Banco de la Nación exceed by 20% that of all commercial banks combined. This favours the international position of the Bank with regard to trade transactions and the procurement of credit facilities.

The year 1979 is to be regarded as a successful one for Banco de la Nacion, because of the refinancing of U.S. $388'6 Petro Perú's short term debt. The Chairman of the Board and Executive President, Doctor Alvaro Meneses Díaz, has contributed decisively to the success of the negotiations.

As a consequence of this refinancing total obligations in foreign debt have been reduced but, on the other hand, Banco de la Nacion has increased considerably its loans in local currency with public enterprises such as Petroleos del Perú and EPSA and central government agencies. Likewise obligations of Banco de la Nacion with banks and correspondents abroad have declined, but it was not necessary to recover formal external credit lines in order to finance commercial trade.

Shortly after foreign commercial operations declined in 1978, as a result of the transfer to commercial banks of a considerable volume of public sector operations, Banco de la Nacion stands again in a competitive position within the banking community and is regaining former clients, thus improving its total operations.

As a definite example of favorable results obtained, the indexes of liquidity and income of Banco de la Nación have increased considerably. The level of income passed from 5.2 to 8.1% and Profits from 0.4 to 0.6%.

Finally, in comparison to 1978, Banco de la Nacion during 1979 expanded its operations from U.S $2,733', to U.S $3,378', which denotes its remarkable output.

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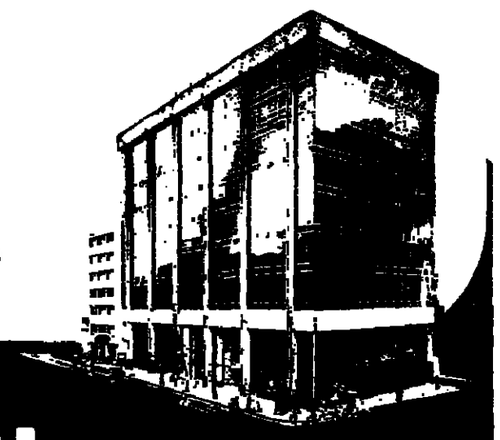
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International Bond Prices — Week of June 26

Provided by White Weld Securities, London; a Division of Financiere Credit Suisse - First Boston

RECENT ISSUES

Amt	Security				
dm 100	Kobe City 8 % 1990 Jul	5	100	100 3/4	7.89
$125	Electricite De France 10 % 1988 Jul	5	100	97 3/4	10.42
$300	World Bank 10 1/4 % 1987 Jun	5	100	99 1/8	10.42
$300	Citicorp Overseas 10 % 1986 Jul	5	100	98	10.45
cn$60	Canadian Imperial Bk 11 1/2 % 1985 Jul	5	100	98 7/8	11.80
cn$40	Fed Business Devl Bk 11 1/2 % 1990 Jul	5	100	98 1/2	11.75
$125	Pemex 11 1/2 % 1988 Jul	5	100	99 1/4	11.64
$100	Eib Europ Invest Bank 11 % 1988 Jun	5	100	100	10.99
$75	Hudsons Bay 11 1/2 % 1990 Jun	5	101	99 1/2	11.58
$100	Hydro-Quebec 11 1/2 % 1992 Jun	5	100	99 1/4	11.61
$50	Ibm Canada Ltd 10 1/2 % 1985 Jul	5	100	101	10.24
dm 150	Brazil 9 1/4 % 1988 Jun	5	99 1/2	98 1/4	9.56
$50	Royleose Ltd 11 1/4 % 1985 Jun	5	100	102	10.72
dm 150	World Bank 8 1/2 % 1988 Jun	5	99 1/2	101 3/4	8.19
dm 40	Hazama-Gumi Ltd 8 3/4 % 1985 Jun	5	100	101 3/4	8.31
dm 50	Arbed 9 % 1987 Jun	5	99 1/4	101	8.80
$100	Anheuser Busch Intl 11 1/4 % 1990 Jun	5	99 1/2	101 1/4	11.02
$75	Goodyear Overseas Fin 12 1/2 % 1987 Jun	5	100	99 1/2	12.61
cn$50	General Motors Accept 12 % 1985 Jun	5	99 3/4	100 1/2	11.86
$100	Denmark 11 3/4 % 1990 Jun	5	99 1/2	100 3/4	11.62
$75	Eec Europ Econom Com 11 % 1995 May	5	99 1/2	98 1/4	11.24
dm 125	Akzo Nv 9 % 1990 May	5	99	103 1/4	8.50
dm 200	Sweden 9 % 1987 May	5	100	104	8.22
$100	Ici Finance Nv 11 % 1987 Jun	5	100	101 1/4	10.49
$25	Apache Intl Fin 47.34 8 3/4 % 1998 May	c	100	111 3/4	
120	Beneficial Overs Fin 14 1/4 % 1990 May	5	100	101	14.05
dm 50	Girozentr Sparkassen 8 7/8 % 1987 Jun	5	100	103 1/4	8.24
$250	Ford Overs Finance 12 5/8 % 1985 May	5	100	101 1/4	12.27
$100	Ecs Euro Coal & Steel 11 1/2 % 1985 May	5	100	102 1/4	11.06
$75	Fed Business Devl Bk 12 1/4 % 1985 May	5	100	105 1/2	10.77

STRAIGHT BONDS
All Currencies Except DM

Amt	Security	%	Mat	Middle Price	Yield Mat	Yield Ave Life	Yield Curr
ff125	Prov.Of Quebec	7 1/2	'87 Jun	73	13.62	14.68	10.27
$30	Prov.Of Quebec	7 1/2	'88 Jan	76	12.50	13.07	9.87
eua 40	Prov Of Quebec	9 1/4	'94 Dec	93 1/4	10.14	10.31	9.92
$60	Prov Of Quebec	9	'95 Nov	83 3/4	11.24	11.35	10.75
cn$10	Provincial Bk Canada	9 1/2	'82 Feb	93 1/2	14.07		10.16
$10	Quebec City	9	'82 Apr	93	13.59	13.75	9.68
cn$15	Quebec City	10	'95 Nov	94	10.80		10.64
$15	Quebec Hydro-Elec.	9 1/4	'85 Oct	93	11.03	11.35	9.95
$20	Quebec Hydro-Elec.	8 1/4	'86 Mar	87	11.40	12.90	9.48
$25	Quebec Hydro-Elec.	8 1/2	'86 Nov	89 3/4	10.75	11.09	9.47
$20	Quebec Hydro-Elec.	8 1/2	'89 Feb	88	10.66	11.10	9.66
$15	Quebec Urban Comm	9 1/2	'82 Sep	95	12.12	12.50	10.00
$25	Redpath Industries	9	'89 Sep	78	12.19		11.54
cn$30	Roy Marine Leasing	9 1/2	'89 Oct	98	14.51		9.69
cn$25	Royal Bank Of Canada	8 3/4	'82 Apr	94 1/4	11.74		9.09
cn$40	Royal Bank Of Canada	8	'84 Feb	91 1/2	10.89		8.74
cn$40	Royal Bank Of Canada	10	'86 May	94 1/4	11.26		10.61
cn$35	Royal Bank Of Canada	9 1/2	'88 Apr	87 1/4	12.07	12.86	10.89
cn$40	Royal Bank Of Canada	9	'92 Feb	80	11.35	11.43	10.59
cn$40	Royal Bank Of Canada	10	'94 May	88 1/4	11.72	12.03	11.33
cn$20	Royal Trust Mortgage	9 1/2	'81 Feb	97 1/4	14.13		9.77
cn$20	Royal Trust Mortgage	9 3/4	'82 Sep	94 1/2	12.71		10.32
$50	Rayleose Ltd	11 1/4	'85 Jun	102	10.72		11.03
cn$20	Raymor	9 3/4	'82 Feb	95 1/2	12.94		10.21
cn$30	Raymor	9 1/2	'81 Jul	98 1/2	11.10		9.64
$75	Saskatchewan Prov	8 3/4	'86 Sep	93	10.30		9.41
$60	Seagram Company	8	'83 Feb	94 1/2	10.55		9.33
cn$20	Simpsons-Sears Accep	9 3/4	'83 Aug	93 1/2	12.33		10.43
cn$25	Texasgulf Canada Ltd	9 1/2	'82 Jun	95 1/2	12.13		9.95
cn$25	Texasgulf Canada Ltd	10	'86 Jun	95	11.16	11.31	10.53
cn$30	Tordom	13 1/2	'85 May	104 3/4	12.18		12.89
cn$35	Toronto Dominion Bank	9 3/4	'81 Nov	97	12.22		10.05
cn$50	Toronto Dominion Bank	9	'82 Apr	95 3/4	11.73		9.40
cn$25	Traders Group Ltd	9 3/4	'82 Mar	94 1/4	13.61		10.34
$20	Trans Canada Pipeline	5 3/5	'87 Jan	70	12.45		8.00
cn$30	Union Carbide Canada	9 1/4	'82 May	95 3/4	11.88		9.66
cn$30	Union Carbide Canada	9 3/4	'86 May	92	11.67	11.93	10.60
$40	Winnipeg City	8 1/4	'87 May	89 3/4	10.30		9.19
	DENMARK						
$20	Denmark	9	'82 Mar	98	10.32	10.42	9.18
$25	Denmark	6 3/4	'82 Sep	96	8.84	10.45	7.03
$25	Denmark	5 1/2	'84 Apr	98	6.41	6.95	5.67
$100	Denmark	8 1/2	'84 Oct	94 3/4	10.04		8.97
$20	Denmark	6	'85 Jun	91	8.28	9.42	6.59

HIGHEST YIELDS to Average Life Below 5 Years

Amt	Security	%	Mat	Middle Price	Yield Mat	Yield Ave Life	Yield Curr
$15	Roldal Suldal	5 3/4	'84 Nov	86	9.75	58.74	6.69
$30	Ind Mining Dev Bank	9 1/4	'83 Jun	75	22.39	28.44	12.33
$25	Chrysler Overseas	7	'84 Feb	70	18.73	25.52	10.00
$25	Cassa Mezzogiorno	6 3/4	'84 Jul	80	13.34	18.48	8.44
$30	Massey-Ferguson	9 3/4	'82 Jun	86 1/2	17.03	17.71	11.27
$20	Renault	6 3/4	'86 Jul	87	12.38	17.22	7.76
$20	E.N.I.	6	'81 Feb	95 1/2	14.04	17.46	6.28
$20	Massey-Ferguson	9 3/4	'81 Jul	88	17.03	17.71	11.08
$15	Electric & Musical	6 3/4	'82 Nov	88	12.90	17.17	7.67
dm 150	Chrysler Overseas	7	'84 Jul	80 1/2	13.44	19.13	8.70
ff100	British Leyland	7 1/2	'87 Sep	74	13.64	16.64	10.14
lfr 500	Slater Walker	7 1/2	'87 Aug	73	13.64	18.14	10.21
lfr 800	Grand Metrop.Hotels	6 3/4	'87 Sep	71 1/2	12.98	17.59	9.44
lfr 800	Reed Intl.Ltd.	6 3/4	'87 Sep	72	12.81	17.28	9.38

HIGHEST YIELDS to Average Life Above 5 Years

Amt	Security	%	Mat	Middle Price	Yield Mat	Yield Ave Life	Yield Curr
$20	Rhm Intl.Fin.	8	'88 Mar	71 1/2	12.44	14.40	10.22
$15	United Dominions Tr.	8 3/4	'88 Dec	70	12.98	14.31	11.08
$10	Turin City	9	'91 May	81	12.20	14.18	11.11
$50	Consorzio Di Credito	7 1/2	'90 Jan	77 1/2	11.44	13.86	9.68
$30	Prov.Of Quebec	7 1/2	'88 Jan	76	12.50	13.07	9.87
$30	Tnt Overseas Finance	9	'87 Aug	86	12.44	13.34	10.71
$30	Cadbury Schweppes	7 3/4	'90 Oct	76	11.84	13.36	10.20
$25	Aga Ab	9 1/4	'88 Jun	85	12.25	13.17	10.88
$30	Howden Alex Fin w/w	9 1/2	'91 Jun	82 1/2	12.47	13.13	11.52
dm 120	Ind Mining Dev Bank	7 3/4	'87 Jun	76 1/2	14.61	14.56	10.13
$30	Bass Charrington	7 1/2	'87 Aug	70	14.28	14.29	10.71
ff100	Charter Cons.Overseas	7 1/2	'87 Oct	68 1/2	14.69	14.22	10.95
ff100	Denmark	7 1/2	'88 Jan	74	13.18	14.44	10.47
ff100	B.A.T. Intl.Fin.	7 1/2	'87 Nov	75	12.63	14.23	10.00

HIGHEST CURRENT YIELDS

Amt	Security	%	Mat	Middle Price	Yield Mat	Yield Ave Life	Yield Curr
$40	Itel Finance Intl	10 1/2	'92 May	30	36.19		35.00
$15	Itel Finance Intel	9 3/4	'88 Apr	30	38.49		32.50
$15	Itel Finance Intel	9 3/4	'90 Oct	30	35.49		32.50
$50	Portland Gener Elect	14 3/4	'87 May	105 3/4	13.43		13.95
$50	Northwest Indust Fin	13 5/8	'87 May	102	13.17		13.36
$75	Mcgraw Edison Intl Fin	13 1/2	'85 May	103 1/4	12.58		13.08
$25	Massey-Ferguson	11 1/2	'84 Mar	86	16.91		13.37
$50	Gte Finance Nv	13 3/4	'87 May	106 1/2	12.31		12.91
$50	Dome Petroleum Ltd	13 1/2	'92 May	105 1/2	12.59		12.80
120	Beneficial Overs Fin	14 1/4	'90 May	101	14.05		14.11
120	Finance For Industry	14 1/2	'88 Mar	103 1/4	12.80	13.40	14.04
cn$30	Chrysler Credit Ltd	9 1/2	'82 Oct	70	28.04		13.57
ff150	Ecs Euro Coal & Steel	14 1/4	'86 Apr	105	12.99		13.57
ff400	Electricite De France	14 1/4	'85 Apr	105	12.82		13.57

UNITED STATES OF AMERICA

Amt	Security	%	Mat	Middle Price	Yield Mat	Yield Ave Life	Yield Curr
$25	Amax Holdings	6 1/4	'82 Jun	94	9.73	10.65	6.65
$12	Amax Intern Capital	8 3/4	'86 Apr	94	10.15	10.70	9.31
$40	Amerada Hess Ex/w	6 3/4	'87 Jul	82	10.43	14.14	8.23
$25	American Brands o/s	8	'81 Nov	96 1/2	10.78	11.81	8.29
$56	American Foreign Pwr	4 4/5	'87 Jan	70	11.45		6.86
$50	American Foreign Pwr	5	'88 Mar	46	10.93		10.87
$25	Amoco Oil Holdings	5 3/4	'85 Oct	92 1/2	7.50	8.86	6.22
$100	Anheuser Busch Intl	11 1/4	'90 Jun	101 1/4	11.03		11.11
$40	Ashland Oil	7 1/2	'82 May	96 1/4	9.76	10.55	7.79
$25	Ashland Oil Finance	8	'87 Jun	88 1/2	10.25	11.70	9.04
$25	Avco Overseas Cap	9 1/4	'85 Jun	89	12.41		10.39
$15	Avon Overseas Cap	6 1/4	'85 Feb	98	11.54	11.56	6.44
$40	Avco Overseas Cap	10 1/4	'87 May	87	13.18		11.78
$100	Beatrice Foods	7 3/4	'83 May	93 3/4	10.34		8.27
$15	Beatrice Foods	9	'85 Mar	98	9.53	9.81	9.18
cn$20	Beneficial Finance	10 1/4	'81 Oct	97	12.82		10.57
cn$25	Beneficial Finance	9 3/4	'82 Dec	93 1/2	12.90		10.43
cn$50	Beneficial Finance	9	'84 Feb	91	12.13		9.89
$100	Beneficial Overs Fin	9 3/4	'87 Jul	93 3/4	11.04		10.40
120	Beneficial Overs Fin	14 1/4	'90 May	101	14.05		14.11
$20	Blue Bell Intl.Fin.	7 3/4	'87 Oct	88	10.11	11.24	8.81
$20	Burlington Overseas	7 3/4	'87 Apr	88	10.25	11.33	8.81
$15	Cabot International	9 1/2	'80 Sep	100	9.49	9.49	9.50
$25	Carrier Intl.	6	'87 Jun	88	10.46	11.11	9.09
$50	Carter Hawley Hale	9 3/4	'86 Jul	94	11.14		10.37
$20	Celanese Intl	6 3/4	'82 Jul	94	7.86	8.98	6.49
$25	Chrysler Overseas	7	'84 Feb	70	18.73	25.52	10.00
$100	Citicorp Overseas	6 3/4	'80 Oct	99	10.17		6.82
$200	Citicorp Overseas	7	'81 Oct	95 1/4	10.14		7.37
$300	Citicorp Overseas	10	'86 Jul	98	10.45		10.20
aus15	Citicorp Overseas	11	'89 Feb	89	13.17		12.36
150	Citicorp Overseas	13 1/2	'90 Feb	100	13.49	13.49	13.50
120	Citicorp Overseas	10	'93 Mar	86 1/4	12.15	12.49	11.59
$20	City Investing Fin	8 3/4	'84 May	87	13.16		10.06
$15	Clark Equipment	4 1/2	'81 Mar	95	12.39		4.74

(Continued on Page 17)

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New Issues Slow from Record Pace

By Carl Gewirtz

PARIS, June 29 (IHT) — The record pace of new issues slowed markedly last week and although a handful of others are reportedly near launching, most bankers believe the Eurobond market needs a pause of up to four weeks.

The volume for the month has been staggering — $4.6 billion, Morgan Guaranty Trust reports, the largest monthly total since the bank began compiling monthly data in September, 1976, and nearly double the previous record of $2.44 billion set in the year-ago month.

The burst in volume was inevitable, given the little business done earlier this year as interest rates

EUROBONDS

soared to record highs. New issues sold in the first five months totaled $7.67 billion, barely ahead of the $6.3 billion that Orion Bank estimates was available over the period just from interest and principal repayments on outstanding issues.

With interest rates falling from the peak, the pent-up demand for bonds has exploded. Total reflows, as measured by Orion, for the January-June period amount to $7.63 billion, compared to the swollen all-year total new-issue volume of 12.33 billion. Total Eurobond volume, which at the end of May was 7 percent below the year-ago level, now is running 15.6 percent over the comparative 1979 figure at 12.33 billion.

The wailing that the market now needs a pause does not stem from the volume of business, but results from the fact that the terms offered on many of the recent issues have failed to attract investors.

One Jump Ahead

Since April, when business first started to pick up, the key feature has been the willingness of underwriters to stay one jump ahead of the market — offering terms that at first glance appeared shocking but in the final analysis were conservative because interest rates during the offering period declined substantially.

Underwriters are still at it. But the downtrend in rates has been halted and, as the experts debate whether this is a pause on the way down or the bottom of the decline, investors have moved to the sidelines, leaving the underwriters sitting on large unsold positions.

The New York market, which sets the tone for the Eurodollar market, ended the week on a sour note after the Federal Reserve reported late Friday that the basic measures of the U.S. money supply rose a sharp $3.4 billion in the week ended June 18. The increase led some economists and market participants to predict that the Fed would not add more money to the economy and that short-term interest rates would therefore rise still further than they had last week.

The U.S. credit markets reacted with sharp increases in interest rates on short-term securities. But as the Fed report showed, the persistent decline in interest rates since April is already being reversed in the week ended Wednesday when the average rate on three-month Treasury bills rose to 7.12 from 6.49 percent, and rates paid on large negotiable certificates of deposit climbed to 8.36 from 8.17 percent the previous week.

In the Eurobond market, prices have tumbled sharply. Unilever's $40 million of 10-year, 9¾ percent bonds, priced at 99½, ended the week at 95½-96. The $100-million, ten-year offering from Pembroke Capital (guaranteed by Texaco and Gulf Oil) — sold at par with a coupon of 9¾ percent — ended the week at 96¼-96¾. British Oxygen Finance's $50 million of 10-year paper sold at 99½ with a coupon of 9¾ percent was quoted at 96¾-97.

One of the worst performers was a $75 million of seven-year notes for Norway's Eksportfinans, which was sold at par with a coupon of 9½ percent but ended the week at 95-95½.

Paper Losses

"It's unprecedented in a bull market that managers should be sitting on such large paper losses," a Dutch banker moaned. "It's been a traumatic experience, but maybe underwriters will take a fresh look at the wisdom of bringing deals to the market at pre-fixed terms."

The traditional method of syndication has been to set coupon and offering price at the end of the selling period in tune with investor demand. This allowed for sweetening terms if buyers lagged and for tightening if demand boomed. But few recent issues were marketed this way as the terms were set in anticipation of demand.

One prominent manager reports confidence that this method may be the way out. He says that from 30 to 40 banks approached to underwrite recent pre-fixed offerings have declined to participate. Historically, syndicate members — fearing they would cease to be invited into future issues — never stand up to lead managers to express a contrary view.

Given the estimated volume of unplaced paper and the size of the paper losses of underwriters, most experts say it will take at least two and possibly as much as four weeks to work off the inventory.

For now, they add, issues carry-

(Continued on Page 16, Col. 1)

European Tire Manufacturers Moving to Resist U.S. and Japanese

By Axel Krause

PARIS, June 29 (IHT) — On Friday in Hanover, the board of directors of West Germany's largest tire and rubber company, Continental-Uniroyal-Englebert, is expected to overwhelmingly approve its acquisition of France's second-ranking tire company, Kleber-Colombes — a move some observers are hailing as the latest, exemplary answer to resisting expansion of U.S. and Japanese multinationals in Western Europe.

Jointly announced by both companies on June 19, the move is clouded by a decidedly bleak outlook for the entire rubber industry worldwide, however, and by doubts regarding their ability to overcome such major difficulties as eliminating recurring deficits, particularly those of Kleber.

Nevertheless, once the German and French governments also approve the merger — and it is expected that they will — the group will become the second-largest rubber and tire-making company in Europe, with combined annual sales of just over 9 billion francs ($2.2 billion), and 26 plants employing 44,000 people.

Tiremaker Michelin

Although still well below half the size of French tiremaker Michelin, whose sales last year rose to a record 24 billion francs, the new Franco-German company thus edges out Dunlop-Pirelli, a British-Italian affiliation. It drops to third place in the European ranking, followed by the U.S.'s Goodyear, the world's largest tire company.

"The fact that three European companies will now solidly control this important industry in the Common Market makes us indulgent regarding approval of the proposition," a senior French government industry planner said last week, a view echoed by officials of the European Economic Community. "We have been watching the industry struggle to grow and compete in recent years, so this merger is a positive step," said an official of the European Economic Community in Brussels.

Michelin's role is still another and crucial element in the story. Since the mid-1960s, Michelin built up a controlling, 51-percent interest in Kleber that it had previously, but unsuccessfully tried to sell to others, including the Austrian tiremaker Semperit and at least one U.S. multinational tire company.

A major reason for Michelin's eagerness to rid itself of Kleber: Fears that EEC antitrust authorities would take action against Michelin for maintaining and possibly abusing a dominant position in the European tire market. As the world's no. 2 tiremaker, Michelin has respectively well over 60 percent and 40 percent of both the French and EEC-tire markets, according to industry estimates.

Indeed, Francois Michelin, the company's chief executive officer and a key participant in the negotiations, indicated as much in several statements to a shareholders meeting in Paris on June 20. "What he said in explaining the operation was that we risked becoming too dominant, too strong in the European market, and that we sensed the interest of the authorities in Brussels," a company official said.

Last week in Brussels, EEC antitrust authorities declined to say whether they were planning any action against Michelin. But the authorities confirmed that they have been closely watching its expansion in the Common Market area.

There was another component in Michelin's strategy: By selling its interest in Kleber to Continental for a very modest 50-million francs, Michelin not only rid itself of a beleaguered, deficit-ridden affiliate, that by Michelin's own admission it was never able or willing to manage anyway, but Michelin winds up in a far better position to pursue an ambitious expansion program under way in North America, Latin America and Japan.

"There are positive elements in this arrangement for all the parties," said economist David Burns of the Paris-based Eurofinance research group, which is completing a major study of the world rubber industry. "Conti, previously too small, now has the makings of a good international group; Michelin is free to pursue its interests," he said. But Mr. Burns quickly raised one of the key unanswered questions — whether or not the new German owners can somehow make Kleber profitable.

And Kleber definitely needs turning around, according to interviews last week with the main participants, including French government officials who fear that Continental may order substantial cutbacks in Kleber's work force of some 12,000 people, a move Paris would oppose.



Magnum

European tire companies are forming new corporate structures to better compete with American and Japanese manufacturers.

In 1979 for the sixth consecutive year, Kleber lost money — 103 million francs on sales of 2.6 billion francs, bringing the company's total accumulated losses to 366 million francs, equal to three times its total capital.

Rising Costs

The company has regularly blamed its predicament on rising costs of raw materials, including rubber and energy; it also has cited fierce price competition from Michelin, U.S. companies, such as Goodyear, Firestone, and Uniroyal; and increasing inroads being made in Western Europe by Japanese tiremakers such as Bridgestone, Japan's no. 1 company in the field.

But Kleber has also suffered from a determined, hard-hitting campaign directed against its main, best-selling radial tire known as the V-12. The campaign was launched last November by L'Union Federale des Consummateurs, one of France's leading consumer groups. The group claimed that defects in the tire had caused about 30 fatal automobile accidents — allegations that Kleber has been vociferously fighting in the courts and through the news media, and that France's Industry Ministry recently ruled were without foundation.

But, said a senior Kleber executive Friday, "the campaign, unfair as it is, has hurt us quite a lot, although less than we had expected."

Meanwhile, officials of the consumer group said in Paris that despite the merger, they intended to pursue their campaign by publishing reports based on complaints about the V-12 in Que Choisir, its monthly magazine.

But Kleber has strong positions in other tire markets in Europe, particularly for aircraft and farm tractors, plus in a wide range of industrial rubber products, accounting for roughly a third of its total sales. "These interests are complimentary with those of Conti, so the merger should prove successful," the Kleber executive said.

He added that by proceeding with a cost-cutting plan, comprising the layoff of some 500 workers, Kleber might have eliminated its red ink by the end of 1981.

But if the Hanover-based tire company has a new strategy for expansion, it was not tipping its hand. A company spokeswoman insisted last week that the company could not and would not comment on future plans until the acquisition had been approved by German and French government authorities. "We hope with our know-how and financial position, we will succeed," she said, noting that Continental, although it generated losses in previous years, last year earned 10.9 million Deutsche marks on sales of 2.6 billion DM.

Continental's acquisition last year of Uniroyal's German operation and its other European tire-producing interests for roughly $50 million, including the right to use the U.S. company's trademark, is expected to help. Albert Englebert, who continues to run Uniroyal's remaining European interests, including a chemical plant in Italy and a shoemaking plant in Spain, and who is a member of Continental's board, said: "I believe the acquisition of Kleber will work successive-

(Continued on Page 16, Col 8)

Window Dressing Lifts Market Briefly

By Phillip H. Wiggins

NEW YORK, June 29 (NYT) — Institutions moved to center stage last week as they bought Big Board stocks with gusto and, for the first three trading sessions at least, lifted the mood of a market turned dour by lackluster economic indicators, forecasts of broad-scale declines in second-quarter profits and concern over how the administration will deal with the deepening recession.

The institutions were buying, analysts pointed out, to use up their extra cash and lard their portfolios before the end of the first half. The acquisition of this "window dressing" had been encouraged of late by a steady decline in interest rates.

But by Thursday, the gloom had returned, with the Dow Jones industrial average sinking 4.09 points after gaining 10.24 points the day before. Some analysts said that investors were disappointed by the size of the previous advance, and that they did not want to part with their cash until they saw a firmer upward market movement.

On Friday, the Dow lost another 1.62 points despite Citibank and Bankers Trust lowering their prime rates to 11½ percent from 12 percent. That good news seemed offset by increases in the federal funds

NEW YORK STOCKS

rate — the rate banks charge one another for overnight loans — and a resulting rise in other short-term rates.

Some on Wall Street discounted the late-week market downturn. "I see heavy institutional buying from all areas," said Stephen Weisglass, president of Ladenburg, Thalmann & Co. "European and American institutions are moving rapidly into our stock market and I expect to see 50-million and 60-million share days shortly."

For the week, the Dow added 12.12 points, to 881.83, as news of an unchanged consumer price index and indications that the interest rate slide was slowing teamed to prevent a decisive advance. Trading was brisk in all five sessions.

"I am concerned about the Carter administration's possible responses to the recession and unemployment," said Ignatius Teichberg, who heads institutional research at Gruntal & Co.. "The government may use an expansionary policy that could help the economy by the November election, however, and the longer-term effect will be a return to high inflation rates. Accordingly, I'm cautious about the near-term outlook for the stock market."

Italy Swings Into Deficit In Payments

ROME, June 29 (AP-DJ) — Italy's current account on a cash basis swung to a provisional 1-trillion lire ($1.2-billion) deficit in February from a 217.7-billion lire surplus a year earlier, the Bank of Italy reported yesterday.

The deficit in first two months of 1980 totaled 1.3-trillion lire, compared with a 739.7-billion surplus in the like year-earlier period.

The February trade deficit, measured on a balance-of-payments basis, widened sharply to 1.5-trillion lire from 174.2 billion lire a year earlier.

The central bank also reported that Italy's net official monetary reserves rose to $45.1 billion in April from $41.4 billion in March and $32.3 billion in April, 1979.

Also yesterday, the Bank of Italy announced tight new ceilings on the expansion of bank credit through March, 1981.

The new ceilings will be enforced on a monthly basis, whereas previously they were only fixed every other month.

The new ceilings allow credit to expand by 27 percent through March, 1981, but they do not allow any net expansion from July through November, 1980. The stringent autumn limits are in line with the government's new economic policies to control inflation and restore the health of the lira, the central bank said.

The only credit ceiling still in force from before was fixed last October and allows expansion of 21 percent through July, using May, 1979, as a base.

'Rigorous Limits'

"The current economic situation, characterized by a persistent high rate of inflation, by an internal demand fueled by the same inflationary expectations and by a deterioration in the external payments account, requires rigorous limits be imposed on credit expansion," the central bank said in its official statement.

Separately, the government statistics office in Rome said yesterday that Italian unemployment fell to 1.6 million in April from 1.6 million in April, 1979.

The number of jobless was down from 1.7 million in the most recent quarterly survey in January.

The unemployment rate in April was 7.0 percent, compared to 7.3 percent in April, 1979, and 7.7 percent in January.

'Father' of Reindustrialization Thesis Renews Call for New U.S. Growth Base

By Amitai Etzioni

NEW YORK — As the proud father of the thesis of "reindustrialization," let me rise to its defense. Its potential is currently being clouded by the limitations of "industrial policy," a remote relation, and misintroduced as the son of the post-industrial society, not its ancestor. But before I can set one and all straight, let me first properly present the newcomer:

The kernel of the reindustrialization thesis is that, for the last decade, the American society has been underdeveloping, which has put industrialization in reverse gear. Decades of overconsumption and of underinvestment in the nationwide economic machine, the source of mass consumption, have weakened the United States's productive capacity. If the United States is to continue to be able to sustain a high standard of living and set aside the resources needed for national security, a decade or so of shoring up its productive capacity, or reindustrializing, is required.

To determine what is to be done, one must combine three sets of considerations: what goes into industrialization in the first place; which of the component parts of the U.S. economy have evolved successfully and which have become deficient, and in what ways will the industrial composition need to be different in the near future from what it was in the past.

Historically, industrialization is achieved in two main stages: First, an infrastructure is developed in which nationwide transportation systems are set up, cheap power is gained, technological innovations are advanced, modern communications systems are evolved, financial institutions introduced, and the labor force is prepared.

Next, it is the turn of the capital-goods sector, which must build the heavy-duty machinery and plants. These are not consumer goods, but the tools to be used to mass-produce them.

When these two stages are well advanced, a society can mass-produce consumer goods and services. In American history, this stage was reached by the late 1920s, but the Depression and World War II delayed the full introduction of the affluent society until the late 1940s. Then came the generation of mass production of autos, television sets, appliances, homes, and higher standards of health, mass post-secondary education, mass involvement in culture and explosion of social services.

Period of Mass Consumption

In the period of mass consumption in the United States, however, not enough was plowed back into the underlying sectors, such as the infrastructure of the capital goods sector, to maintain and update them. In that sense, consumption was "excessive," in that adequate reinvestment was neglected.

Some see excesses only in public consumption, such as government expenditures, mainly in social services and transfer payments. However, calculations I have made suggest that, even if government spending were cut back as extensively as 30 percent over three years, as some of the radical conservatives have suggested, the United States still would not have all the resources we need to shore up America's productive capacity.

For example, a strong drive for energy self-sufficiency alone would require the spending of more than $120 billion in an average year over the next decade. Also, increasing reinvestment in the capital goods sector to 12 percent of gross national product would require another $50 billion, and so on.

A decade of public and private belt tightening is therefore needed if all the obsolescent elements are to be replaced and others adapted to the current environment. Otherwise, the slow economic growth, decline in productivity, inflationary pressures, and the other well-known signs in the strained economy, will persist.

In determining specifically what needs shoring up, one must take into account the changing world. Americans cannot simply retrace the industrialization of the 19th century to find U.S. priorities; Americans must adapt to the last decades of the 20th century and beyond. The factors that stand out here are: energy (the potential exhaustion of oil, the rise in cost of all energy resources, and the dependence that imports generate) and national security (renewed Soviet expansionism).

The first factor suggests that Americans must adapt U.S. infrastructure and capital goods sectors to be more energy-efficient and to use fuels other than oil. This would require the generation of capital needed to replace or modify machinery.

The second criteria suggests that Americans need to dedicate more resources, including labor force, to the U.S. ability to deter not only a direct Soviet attack, but incursions on Middle East oil as well. This requires allotting some assets and personnel to work that does not increase U.S. productive capacity, and heeds considerations other than sheer economic logic.

Goals of Reindustrialization

In pursuing the goals of reindustrialization, adapting to the new energy world, and meeting Soviet challenges, the following sectors need to be granted priority:

- Transportation: Railroads and roads must be improved. Waterways are by-and-large overdeveloped, and pipelines, with some exceptions, are very costly and serve only limited purposes.
- Energy: Develop all alternatives to oil and make all industries more energy-efficient and more able to use fuels other than oil.
- Research and development: Return expenditures on research and development to 3 percent of gross national product, from its current 2.3 percent. Stress applied and technological work to make use of the United States's strong basic research.
- Human capital: Increase vocational and technical education and make it more job-relevant.
- Capital goods: Try to increase plow-back investment to 12 percent of gross national product, from less than 10 percent recently, to come nearer to our main competitors (West Germany, about 15 percent; Japan, about 21 percent) and to provide the capital to replace obsolete equipment (especially in steel, rubber and textiles).
- Defense: Shore up the industrial base for the production of conventional warfare equipment to reduce the probability of a nuclear confrontation. Close the pay differential between skilled jobs in the military and in the private sector to prevent the drainage of skilled labor force from the military.

Amitai Etzioni, senior adviser in the executive office of President Carter, is a sociologist and former professor at Columbia University. This article originally appeared in The New York Times.

IMF Urges More Use Of Arab Currencies

WASHINGTON, June 29 (AP-DJ) — The International Monetary Fund suggested in a staff study that Kuwait, Saudi Arabia and other countries with large monetary surpluses should allow their currencies to be used more widely to help accelerate the development of Arab financial markets.

The Arab world, the IMF said, has made significant progress over the past five years in developing its own financial markets, but "the lack of a widely-held Arab currency is the main obstacle" to the establishment of a centralized market offering a wide range of financial services and linking the activities of markets in various Arab nations.

CURRENCY RATES

Interbank exchange rates for June 27, 1980 excluding bank service charges

	$	£	D.M.	F.F.	H.L.	Gldr.	B.F.	S.F.	D.K.
Amsterdam	1.9335	4.532	109.65 *	47.205 *	0.2297	—	6.847 *	118.72 *	38.325 *
Brussels (a)	28.255	66.2675	14.01	6.88975	3.3575 *	14.6805	—	17.33	5.164
Frankfurt	1.764	4.147	—	43.05 *	2.095 x	91.25 *	6.245 *	108.42 *	32.26 *
London (b)	2.349	—	4.1455	9.822	1,974.50	4.5375	66.34	3.82375	12.845
Milan	840.05	1,973.95	476.28	204.90	—	434.50	29.78	517.37	153.90
New York	—	2.35075	0.56744	0.24405	0.1189 *	0.51773	0.03545	0.61481	N.A.
Paris	4.097	9.6155	232.37 *	—	4.8725 x	211.88 *	14.5045 *	251.95 *	74.98 *
Zurich	1.6952	3.82605	92.29745 *	39.73525 *	0.19375	84.22295 *	5.76495 *	—	29.7142 *
ECU	1.42542	0.607753	2.51473	5.84138	1,197.36	2.75691	40.2753	2.31817	7.79279

Dollar values

$ Equiv.	Currency	Per U.S.$	$ Equiv.	Currency	Per U.S.$	$ Equiv.	Currency	Per U.S.$
0.0352	Belgian fin. franc	28.39	0.2027	Hong Kong $	4.9315	0.2663	Saudi Riyal	3.3298
0.8703	Canadian $	1.149	2.177	Irish £	0.4723	0.0797	Schilling	12.5325
0.1827	Danish krone	5.472	0.8201	Israeli £	49.545	0.4716	Singapore $	2.12
.0234	Drachma	42.725	3.7453	Kuwaiti dinar	0.267	0.2404	Swedish krona	4.1582
0.0204	Escudo	4.1582	0.2044	Norw. krone	4.8435	0.2700	U.A.E. dirham	3.7026
0.2715	Fin. mark	3.6832	0.0142	Peseta	70.195	0.0046	Yen	217.38

£Sterling: 1.1075 Irish £.

(a) Commercial franc. (b) Amounts needed to buy one pound. (*) Units of 100. (x) Units of 1,000.

Solvay in 1979: stronger in basic chemicals and breaking through in new promising fields.

Turnover: BF 121 billion

In increase of 27%. Consolidated results also show remarkable progress: by reaching BF 4.7 billion, they are up 44% over the previous year.

To be at the top and stay there: confirmed by the 1979 operations

Solvay ranks 17 of its products at the top of the European classification of production capacity, with 6 of them at the top of the world-wide classification.
The company continues to strengthen its positions in basic chemicals by seeking new market opportunities: some of its bulk products are still in the fast growing phase of their life. Consequently, large sums are spent in this field for new investments, extensions and research work.

New growth markets

Solvay is already exploring several applications of biotechnology; the acquisition of Salsbury Laboratories in the United States, one of the world leaders in biological products for poultry, has concretised these efforts and the acquisition brings the group a strong know-how in specialty chemicals.
In addition, the activity oriented towards human health has become international: besides the increasing exports of the French and German pharmaceutical subsidiaries, this sector has progressed world-wide and the group will continue in this direction, having not yet reached a sufficient dimension to insure the long-term major position seeked in the pharmaceutical field. Therefore Solvay will continue its efforts in acquisitions, research and international expansion.

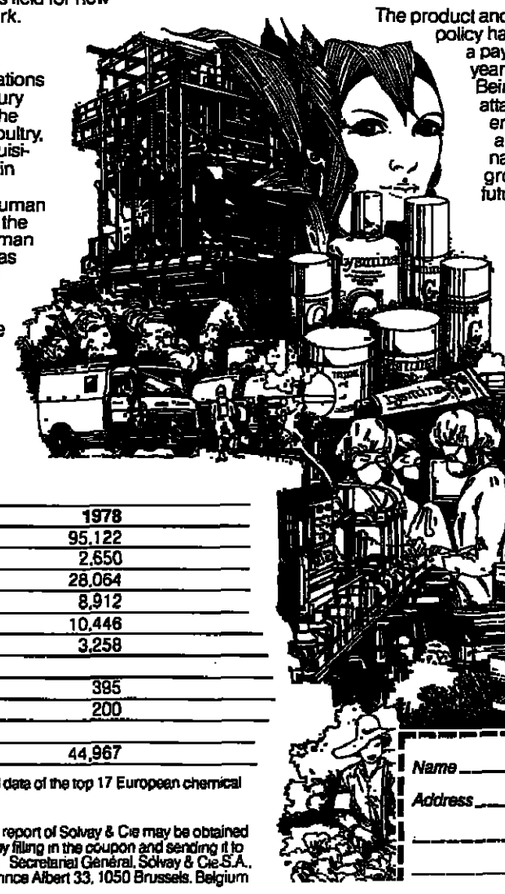
The 1979 energy crisis has shown that the group, thanks to its product range and geographical dispersion, was less vulnerable than others to the oil crisis. Nonetheless the company will reinforce its interest in biotechnology, in order to have a greater safeguard against the uncertainties about the future costs of raw materials produced from oil.

Scientific offensive

In 1979, a range of new products and processes were found, thanks to the activity of its 2300 researchers. Some of these products are being marketed with success in Europe, the United States and South America.

Anti-crisis strategy

The product and market diversification policy has again proved to be a paying off strategy this year and will be continued. Being well equipped to attain its objectives and enjoying an extensive and long-standing international experience, the group is confident in its future.



SOLVAY

Consolidated key figures

in million BF	1979	1978
Turnover	120,981	95,122
Research expenditure	2,877	2,650
Personnel expenditure	32,192	28,064
Capital expenditure of the year	8,466	8,912
Cash flow	13,441	10,446
Net profit	4,700	3,258
in BF per share, fully paid up		
Net profit	581	395
Net dividend	250	200
In units		
Personnel employed	46,214	44,967

A study made by Eurofinance on the main operational data of the top 17 European chemical companies ranked Solvay 4th in 1978.

The complete report of Solvay & Cie may be obtained by filling in the coupon and sending it to Secretariat Général, Solvay & Cie S.A., Rue du Prince Albert 33, 1050 Brussels, Belgium

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Eurobond Volume Is Slower

(Continued from Page 15)

ing coupons below 10 percent cannot be sold. And even that level is no assurance. Montreal, for example, whose debt is rated single-A, is running into considerable resistance trying to sell $57.5 million of seven-year notes at par with a coupon of 10¼ percent.

Bankers report that bidding for the business was intense and that Westdeutsche Landesbank won the mandate by offering very aggressive terms. But these bankers say Montreal should really be paying at least 10¾ percent.

Other issues currently on offer are:

● Austrian Kontrollbank, $50 million of five-year notes priced to yield 10 percent. This is part of a "tap" issue, with a further $100 million to be "tapped" into the market at a later date as conditions warrant.

● Repsteel Overseas Finance, guaranteed by Republic Steel Corp., $100 million, eight years, coupon of 11½ percent. Pricing to be by Credit Suisse-First Boston on July 1. First call at 101½ in 1984.

● UB Finance, guaranteed by United Biscuits (Holdings) Ltd., $50 million, 10 years bearing coupon of 11 percent and priced at par by Morgan Grenfell.

● Lonrho International Finance, guaranteed by Lonrho Ltd., $40 million, eight years with coupon of 11½ percent. Lead manager is Standard Chartered Merchant Bank.

● Province of Nova Scotia, $75 million, 10 years bearing a coupon of 10½ percent. Pricing to be set June 30 by McLeod Young Weir International.

● Svenska Handelsbanken, $30 million of seven-year floating rate notes with coupon set at a quarter point over the London interbank offered rate and guaranteed not to fall below 5 percent.

● Hapoalim International, guaranteed by Bank Hapoalim, $50 million of five-year floating rate notes with coupon set at a quarter point over Libor and a minimum guarantee of 5½ percent.

The Italian state railway is reportedly planning to seek $250 million in floating rate notes for up to 10 years that will be convertible into fixed-rate paper.

The Deutsche mark sector was in much better shape, despite the projected heavy calendar for the month of 1.2 billion DM. Some bankers do not believe that all the proposed borrowers will actually come to market, especially the three scheduled South American names because of the high rates they will have to pay.

Whatever slack may have developed will be picked up by the World Bank, which is expected to seek up to 500 million DM, and the European Investment Bank — neither of which are included in the official queue.

Although the Bundesbank has declared its intent to maintain its tight money policy, most bankers believe that it sooner or later must respond to the easing of U.S. interest rates. In fact, this is reflected in the cost of short-term Euromark deposits. The cost of one-month money is quoted at 9½-9¾ percent whereas one-year funds are quoted at 8¼ percent.

Currently on offer is 100 million DM of 10-year bonds for the Spanish utility Hidroelectrica Iberia Iberduero bearing a coupon of 8¾ percent priced at par. The issue is reportedly moving very slowly and is quoted on a when-issued basis at 98-98½.

New Zealand will come to market this week for 200 million DM and a coupon of less than 8 percent is expected if the maturity is below 10 years.

Dai-Ei of Japan will float 130 million DM of seven-year convertible bonds. Investors will be able to redeem these bonds after five years at a premium of 10 percent — the first DM-denominated issue to carry a "put" option. This built-in profit for investors will result in the borrower paying a lower coupon than the 6¼ percent just paid by Sharp Corp. on its 100 million DM of eight-year convertibles.

Eurobond Yields*
Week Ended June 27,
(U.S. Dollars)

International institutions	11.46 %
Industrials, long term	11.00 %
Industrials, medium term	10.45 %
Canadian dollars, medium term	11.94 %
French franc, long term	13.06 %
Unit of acc. long term	8.35 %

* Calculated by Luxembourg Stock Exchange

Market Turnover
Week Ended June 27, 1980
(Millions of U.S. Dollars)

	Total	Dollar	Non-dollar Equivalent
Cedel	N.A.	N.A.	N.A.
Eurocl.	4,257.4	3,778.8	478.6

Seat 1979 Loss Higher

MADRID, June 29 (AP) — The Spanish automobile company Seat lost 15 billion pesetas ($215.5 million) in 1979, one-third more than 1978's 10.3-billion peseta loss, Juan Miguel Antonanzas, president, said yesterday.

Banks in Britain Most Profitable In World in '79

LONDON, June 27 (AP) — British banks were the most profitable in the world last year and four French banks figure in the world's top 10 ranked by assets, The Banker magazine reported yesterday.

It said that the French agricultural bank, Credit Agricole, with assets of $104.9 billion, tops the world ranking. Credit Agricole has overtaken the Bank of America, which has $103.9 billion assets.

Then follow, in the No. 3 rank, Citicorp $102.7 billion; No. 4, Banque Nationale de Paris $98.8 billion; 5, Deutsche Bank $91.1 billion; 6, Credit Lyonnais $91 billion; 7, Societe Generale $84.9 billion; 8, Dresdner Bank $70.3 billion; 9, Barclays $67.4 billion; and 10, Dai-Ichi Kangyo Bank $66.5 billion.

Barclays was the world's most profitable bank, both with its pretax profits of $1.18 billion, and in terms of its pretax return on assets, the monthly said.

Ford Is Liable for Suit

MADISON, Wis., June 29 (AP-DJ) — Ford Motor can be sued for punitive damages in connection with a fatal crash of a 1967 Mustang with an allegedly faulty fuel tank, the Wisconsin Supreme Court ruled Friday.

The ruling came in a case involving a July 1, 1975, accident at Prairie du Sac that killed two people and and injured two others.

Bank Panel Approval Clears Way for Polish Loan

By Carl Gewirtz

PARIS, June 29 (IHT) — Leading U.S., U.K., Canadian and Japanese banks will meet Thursday in London to organize a loan of up to $550 million for Poland — the most heavily indebted nation of the East bloc.

The 19 banks are expected to commit themselves to organizing a loan of $350 million and will make a "best efforts" stab at finding the remaining $200 million that Poland says it needs.

Banking sources report that the loan will be for "not less" than seven years with a three-year grace period. The interest rate is expected to be set at 1½ points over the London interbank offered rate, an eighth of a point over what the Poles currently say they are willing to pay.

Just for contrast, Czechoslovakia is currently in the market paying ¾ point over Libor for seven-year money. The amount of the loan, initially indicated at $200 million, is now $275 million.

Poland's last major foray into the market was for $550 million early last year carrying a split rate of 1¼ points over Libor for the first two years and 1⅜ points over for the final five years.

Committee Disbands

The "steering committee" of bankers and bank economists, which met with senior Polish officials to get an in-depth review of the economy, has now disbanded after reporting favorably that the loan operation should proceed.

"The committee got quite a bit of detailed information," one banker reported, "about what any member country would have given to a team of economists from the International Monetary Fund — excluding details about reserves."

He said the committee was assured by the government that it would undertake programs aimed at improving the nation's trade deficit and reducing the need for foreign exchange.

The banker was adamant, however, in insisting that there was no question of the banking group "approving" the Polish plan.

"The banks are in no way acting as a substitute for the IMF. The banks are not passing on the policy stance or seeking to verify the figures presented."

The meeting, he said, was aimed uniquely at "gathering information that the Poles were prepared to share with us — composition of the debt; sources of financing it, including details on suppliers' credits; projected exports by country; status of various projects, and, when they are scheduled to become operational, projected financing for new investment in plant and equipment and the government's goals on increasing exports and reducing imports.

"The details were accepted at face value, there was no attempt to verify them," he said.

Similar Operation

A parallel operation is taking place in West Germany, where negotiations to refinance 1 billion Deutsche marks of debt due this year are well advanced. However, the banks are insisting that the new operation be covered by Hermes, the West German export credit facility, which will insure the banks of repayment.

The French late last year rolled over 1 billion francs of Polish debt falling due this year into a new seven-year loan at 1¼ points over Libor — more costly than the standard 7¼ percent fixed rate usually attached to Coface-guaranteed loans — and a similar operation is expected later this year.

Of the other loans currently on offer, the most notable are Venezuela's $1.2 billion and Brazil's $325 million.

Venezuela will pay a split rate of ⅜ point over Libor for the first three years and ¾ percent over Libor for the final four years. However, delays in servicing outstanding loans are reported to be unsettling bankers.

The Venezuelans insist that there is no question of default and attribute the delay to administrative snafus. However, banks are insisting on a clause in the current loan contract that before any of the money can be tapped "all arrears must be paid."

Venezuela Wants More

Meantime, Venezuela is trying to get the size of the loan increased. This is not sitting too well with banks as they had offered to lend more money, but at terms that would have been more costly for Venezuela.

The Eletrobraz loan, which started out at $300 million, is notable in that Brazil has accepted a maturity of eight years, down from 10 on previous loans, and a realistic spread, up from the 1¼ percent it had been insisting on a few weeks ago.

Overall, however, Eurocurrency bank credits arranged so far this year by the non-oil exporting developing countries are down sharply from a year ago, raising fears that the financing crunch that many had been envisaging for next year may occur this year.

According to Morgan Guaranty Trust, the total volume of Eurocurrency loans in the first six months amounted to $31.85 billion, a drop of 13.7 percent from the year-ago total. But this includes a 41-percent increase in borrowing by industrial countries (totaling $14.9 billion) and a 17-percent increase by the oil exporting states (to $6.56 billion).

Borrowing by the non-oil LDCs declined 41 percent to $9 billion. Within this group, Brazil's borrowing to date is running 61-percent below last year's and borrowing by the Philippines is down 57 percent.

Morgan estimates that the 12 major non-oil LDCs will need to tap the public markets (syndicated loans, bonds) for $20.5 billion this year and that so far in the first six months only $5.4 billion has been borrowed. Morgan estimates Brazil still needs to find $6 billion before the end of the year.

The bank estimates that among the biggest needs to be filled are: Argentina for another $800 million, Chile $1.1 billion, South Korea $1.6 billion, Taiwan $1.9 billion, the Philippines $1.6 billion and Thailand $400 million.

In an analysis in its latest monthly issue of World Financial Markets, Morgan questions whether the recycling of the oil exporters' surpluses to deficit countries is proceeding as smoothly as most commentators had anticipated and it worries that the level of financing that needs to be arranged in the second half remains very large.

Among the other major transactions currently underway are:

● Sweden, $850 million for eight years at an evenly split spread of ⅜-½ percent over Libor.

● Finland, restructuring $600 million of debt into an eight-year loan pegged at ⅜ point over the prime rate or an evenly split ⅜-½ over Libor.

● Denmark, $500 million for eight years at a half-point over Libor throughout.

● ENEL, the Italian state electricity agency, refinancing a $1-billion loan arranged in 1973 at a split rate of ⅛-⅜. The new operation effectively adds five years to the life of the old loan and cuts the cost. Interest is set at either a half point over the prime rate or ⅜ point over Libor for eight years. In addition, another $600 million of new money is being sought in a separate operation.

● Peugeot is renegotiating a $200-million eight-year loan arranged in 1978 at ¾ point over Libor into a $400-million, five-year loan at a half-point over Libor.

● Argentina's central bank is in the market for $300 million for five years at a half-point over Libor throughout.

● ELMA, an Argentine airline, guaranteed by the state, is borrowing $100 million for 10 years, paying ⅝ percent over Libor for the first three years and ¾ over thereafter.

● Thailand, $310 million for eight years at ¾ point over Libor.

● Enher, the Spanish utility, is seeking $75 million. A third of the amount is for 10 years to be taken only by the managers; the remainder for eight years with a spread of ⅞ percent over Libor.

SYNDICATED LOANS

Europeans Bolstering Tire Makers

(Continued from Page 15)

ly, since Conti also will have continuing access to our management."

Knowledgeable German, French and U.S. bankers and industry experts are skeptical of such statements. "Conti has now become bigger and more international, but that is all I see in all this . . . they have not shown if and how they will succeed," said a German banker based in Frankfurt.

He added that U.S. tire companies such as Firestone and Goodyear may have closed some European plants, "but we see no signs that the American or emerging Japanese presence is lessening."

The managing director of a leading U.S. tire company operating in Europe said last week that "all this talk about American tire companies pulling out of Europe is sheer nonsense," although he quickly conceded that both Firestone and Goodyear have recently closed plants in Scotland, Sweden and Switzerland. "All of us are reshuffling or consolidating, since these are not good times for the industry, either in Europe or the United States," he said.

Indeed between now and 1990, according to Eurofinance, the best the tire industry can look forward to is annual growth worldwide of roughly 2.5 percent, particularly in light of the present recessionary outlook for the motor vehicle industry, the crucial market for tiremakers.

"Looking ahead ten years and trying to assess the emerging, dominant forces in the industry worldwide, I see only three major companies," said Mr. Burns, citing Michelin, Goodyear and Bridgestone. "The others will have problems and even Michelin will have to fight to maintain its growth," he added.

Société Générale GROUP IN 1979

CONSOLIDATED POSITION

On 31st December 1979 the Group's consolidated balance sheet total was 341 billion francs.
Consolidated profit for the year was 821 million francs, of which 628 million is due SOCIETE GENERALE.
On 31st December total deposits managed by the Group were 153 billion francs and its consolidated commitments were 154 billion. Consolidated shareholders' equity was 5.5 billion francs.

BALANCE SHEET TOTAL: +23%

For 1979 SOCIETE GENERALE's accounts showed:
— a balance sheet total on 31st December 1979 of 307,481 million francs, an increase of 23%;
— total operating proceeds of 22,353 million francs, an increase of 32%;
— net banking proceeds of 7,466 million francs, an increase of 13.9%.
After provisions, depreciation and taxes, net banking profit was 511 million francs compared with 663 million in 1978. Despite appearances, the 1979 profit showed a distinct structural improvement, taking into account:
— the net surplus of 772 million francs in provisions for banking risks compared with 586 million in 1978;
— the decrease in long-term capital gains and entries of previously taxed or tax-exonerated proceeds which accounted for only 174 million francs compared with 294 million in 1978;
— the increase in corporate tax, which was 182 million francs compared with 176 million the preceding year.

BONUS SHARES: 2 NEW SHARES FOR 25 OLD ONES

In its meeting of 14th May, 1980, the "Collège" decided to appropriate from reserves an amount of 84,652,600 francs for a share capital increase through the distribution of bonus shares on the basis of 2 new shares for 25 old ones. This distribution of an amount of approximately 186 million francs, upon the basis of the present price of the share, will also benefit new shares created at the time of the capital increase in cash shares, which has just closed.
Following these two transactions and taking into account provisions having the character of reserves, SOCIETE GENERALE's shareholders' equity will be 4.9 billion francs.

ACTIVITY IN FRANCE

CUSTOMER DEPOSITS: + 10.7%.
CUSTOMER LOANS : + 15.6%.

Banking activity in France
— Customer deposits: + 10.7%.
On 2nd January 1980 total customer deposits were 118.1 billion francs compared with 106.6 billion on 2nd January 1979.
— Customer loans: + 15.6%.
On 2nd January 1980 total customer loans were 98.9 billion francs compared with 85.6 billion on 2nd January 1979.

Financial and stock market activity
SOCIETE GENERALE continued to play a leading role on a steady financial market. It handled the listing of the only two French shares to be introduced on the Paris Stock Exchange in 1979 (SOCOTEL and PROMODES) and was lead manager or co-lead manager for 14 private company loan issues, among which were EURODIF and HONEYWELL-BULL.
INTEROBLIG, an investment fund set up in 1979, was very successful, and INTERSELECTION FRANCE actively continued its development and recorded a 37% increase in gross subscriptions.

INTERNATIONAL BANKING ACTIVITY

PRESENT IN 60 COUNTRIES
From year to year SOCIETE GENERALE gives increasing support to the efforts of exporters by making available to them ever more numerous locations and a wider scope of specialized services.

Transactions
Of the 81 Euro-loan transactions in which SOCIETE GENERALE participated, it managed 48.
On the Euro-bond issues market, SOCIETE GENERALE is now in the front rank of international banks; it managed 14 issues (compared with 3 in 1978) and co-managed 43 (compared with 28 in 1978).

International network
The network was expanded through new outlets and certain existing structures were modified to adapt them to the nature or the volume of the company's activities in the countries in question. Especially to be noted are:
— In North America, the opening of branches in Calgary and Vancouver and the re-opening of the New York branch.
— In South-East Asia, the the opening of a branch in Singapore and a representative office in Hong Kong to cover China.
— In Europe, new outlets in Oslo, Hamburg, Leeds, Bilbao and Pampelune.

CONSOLIDATED BALANCE SHEET OF THE SOCIETE GENERALE GROUP AS AT DECEMBER 31st, 1979

ASSETS	1979 Francs	LIABILITIES	1979 Francs
Cash, Central Banks, Treasury, Post Office Current Accounts	8,287,910,429.36	Central Banks, Treasury, Post Office Current Accounts	14,380,558,853.86
Banks and Financial Institutions	113,274,780,062.37	Banks and Financial Institutions	109,721,095,518.58
● Ordinary accounts	16,408,866,421.07	● Ordinary accounts	21,722,834,147.28
● Loan and term accounts	96,865,913,641.30	● Fixed term borrowings and deposits	87,998,261,371.30
Treasury Bills and Securities Held as Collateral or Purchased	22,990,763,717.75	Securities offered as collateral or sold	22,600,999,840.70
Loans to customers	119,796,259,157.15	Customer Accounts	114,829,835,708.06
● Commercial loans	27,946,963,340.56	Companies and individual businesses:	
● Other short-term loans	28,218,791,790.19	● Sight accounts	28,403,762,392.78
● Medium-term loans	35,687,420,740.89	● Term accounts	21,658,789,776.09
● Long-term loans	27,943,083,285.51	Private individuals:	
Customer Accounts	12,407,186,804.42	● Sight accounts	23,601,202,641.86
Cheques and Bills for Encashment	35,445,531,736.95	● Term accounts	6,980,213,040.92
Equalization Accounts and Sundries	9,568,763,515.86	Sundry:	
Leasing Transactions	4,986,595,670.36	● Sight accounts	7,131,566,716.41
Capital Assets Leased	1,672,634,339.20	● Term accounts	2,592,721,398.04
Securities Transactions	1,030,123,893.29	Special savings deposits	24,461,579,741.96
Investment Securities	6,009,665,251.09	Fixed Term Savings Bonds	31,683,675,825.76
Participations - Reductions to equivalent value	1,069,259,415.13	Accounts Payable after Collection	26,160,586,298.80
Participations - Non-consolidated	747,041,243.10	Equalization Accounts, Provisions and Sundries	11,995,179,638.09
Shares in Non-consolidated Subsidiaries	261,642,596.43	Securities Transactions	785,508,159.51
Excess Value/Good will	25,930,471.50	Bonds and Subordinated Borrowings	2,365,534,181.90
Revaluation surplus	302,030,676.00	Reserves Arising from Consolidation	764,615,218.44
Fixed Assets	3,479,239,988.71	Revaluation Difference	1,431,532,616.30
		● Difference on fixed assets	286,738,992.64
		● Special provision for amortizable assets	174,266,381.67
		● Special reserve for non-amortizable fixed assets	970,527,241.99
		Reserves	1,600,000,000.00
		Capital	1,007,769,600.00
		Profit Brought Forward	16,258,508.81
		Extra-group Holdings	1,191,203,159.79
		● Extra-group holdings (excluding Sogébail)	313,767,416.65
		● Extra-group holdings - Sogébail	877,435,743.14
		Profit for the Financial Year	821,005,840.07
		● Portion attributable to Société Générale	628,223,978.20
		● Portion attributable to third parties	192,781,861.87
TOTAL ASSETS	341,355,358,968.67	TOTAL LIABILITIES	341,355,358,968.67

CONTINGENT LIABILITIES	1979 Francs
Sureties, endorsements and other guarantees in favour of financial intermediaries	2,600,582,476.96
Sureties, endorsements and other guarantees received from financial intermediaries	5,150,554,168.72
Confirmed credits opened in favour of customers	14,213,059,606.70
Sureties, endorsements and bonds on behalf of customers	25,137,923,275.92
Property leasing commitments	639,583,000.00
Equipment leasing commitments	10,934,000.00
Other commitments on behalf of customers	1,123,289,655.38

This announcement appears as a matter of record only.

Abdulmohsen Abdulaziz Al-Babtain Company

Kuwaiti Dinars 12,000,000 Medium Term Loan

Managed by

The National Bank of Kuwait S.A.K. Chase Merchant Banking Group
Kuwait International Investment Company S.A.K.

Co-Managed by

Gulf International Bank B.S.C. Lloyds Bank International Limited

Provided by

Arab Trust Company K.S.C. B.A.I.I. (Middle East) Inc.
Bank of Bahrain & Kuwait B.S.C. Bank of Kuwait & the Middle East K.S.C.
Burgan Bank S.A.K. The Chase Manhattan Bank, N.A.
Citibank, N.A. The Gulf Bank K.S.C.
Gulf International Bank B.S.C. Kuwait Foreign Trading Contracting & Investment Co. S.A.K.
Kuwait International Investment Co. S.A.K. Lloyds Bank International Limited
The National Bank of Bahrain B.S.C. The National Bank of Kuwait S.A.K.

Agent

The National Bank of Kuwait S.A.K.

May 1980

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International Bond Prices — Week of June 26

Continued from Page 14

Amt	Security	%	Mat	Middle Price	Yield Mat	Ave Life	Curr
dm 150	Norsk Hydro	6 3/4	'89 Jun	94 3/4	7.56	7.88	7.12
dm 50	Norske Industribank	6 3/4	'89 Jun	95 1/2	7.44	7.86	7.07
dm 125	Norske Industribank	6	'90 May	89 3/4	7.49	6.89	6.69
dm 100	Oslo City	7 1/2	'84 Nov	100 1/4	7.43	7.30	7.48
dm 80	Oslo City	7 1/2	'87 Jan	98	7.87	8.16	7.65
dm 70	Oslo City	8	'87 Mar	102	8.40	8.38	8.82
dm 80	Oslo City	8 3/4	'90 Mar	102 1/2	8.38		8.54
dm 80	Oslo City	6 3/4	'90 Jul	94 1/2	7.58	8.05	7.14
kfi 6	Siro Kvina 9.45	7 1/4	'88 Mar	98	8.88	8.52	7.40
dm 80	Siro-Kvina	8 1/2	'85 Jun	101 1/2	8.12	7.91	8.37
dm 150	Statoil Den Norske		'88 Sep	99	7.84	8.21	8.14
dm 125	Statoil Den Norske	6 1/2	'88 Mar	92 1/4	7.24		7.05
dm 25	Trondheim City	6 3/4	'83 Dec	96 1/2	7.93	8.60	6.99
dm 35	Trondheim City	5 3/4	'88 Apr	87 1/4	7.98	8.34	6.59
	PHILIPPINES						
dm 100	Philippines	7 1/4	'84 Nov	98	10.15		8.86
dm 100	Philippines	6 3/4	'85 Apr	87 1/2	10.12		7.71
	SOUTH AFRICA						
dm 100	South Africa	6 3/4	'84 Apr	99 1/2	6.90	6.97	6.78
dm 150	South Africa	8 1/2	'85 Nov	100 1/2	8.38	8.39	8.46
dm 200	South Africa	7 3/4	'86 Nov	99 1/2	7.85	7.91	7.79
dm 100	South Africa	7	'87 Nov	95	7.35	7.88	7.34
dm 80	City Of Johannesburg	8	'86 Sep	96 1/4	8.57	8.39	8.31
dm 100	City Of Johannesburg	6 1/4	'87 Sep	91 1/2	7.81	9.01	6.83
dm 100	Escom	9 1/4	'80 Aug	100		9.34	9.25
dm 50	Escom	4 1/2	'80 Oct	100	4.49	4.49	4.50
dm 100	Escom	6 1/2	'83 Oct	96 1/4	8.18	9.47	6.82
dm 100	Escom	8 1/2	'85 Apr	100	8.49	8.49	8.50
dm 100	Escom	8	'86 Mar	97 1/2	8.56	8.92	8.21
dm 100	Escom	6 1/4	'87 Sep	95	8.31	9.52	6.94
dm 100	Escom	7	'88 May	93 1/2	8.32	9.12	7.57
dm 100	Iscor	7 3/4	'86 Jun	96	8.62	9.13	8.07
dm 100	Iscor	7	'87 Apr	93 3/4	8.52	8.97	7.47
dm 100	Iscor	7	'88 Mar	91 3/4	8.48	9.43	7.63
dm 100	Iscor	8 1/2	'88 Nov	97 1/4	8.97	9.28	8.74
dm 100	South Afric Railways	7 1/2	'88 Jun	97 1/2	7.93	8.15	7.69
	SOUTH AMERICA						
dm 150	Argentine	7 1/2	'84 Oct	92 1/4	9.76		8.13
dm 150	Argentine	6 1/2	'85 Mar	87 1/2	9.90		7.43
dm 150	Argentine	6 1/2	'86 Nov	84 3/4	9.15	9.78	7.67
dm 150	Argentine	7 1/2	'89 May	89 1/2	9.26	9.42	8.38
dm 150	Brazil	7 3/4	'84 May	93	9.80		8.33
dm 100	Brazil	6 3/4	'85 Feb	88 1/2	9.92		7.63
dm 100	Brazil	8 3/4	'86 Oct	89 1/4	8.90	9.80	8.45
dm 100	Brazil	7 1/4	'87 Jan	97 3/4	7.69		7.42
dm 150	Brazil	8	'87 Aug	94	[illegible]		8.51
dm 100	Brazil	6 3/4	'87 Oct	91 3/4	8.38	9.27	7.36
dm 150	Brazil	9 1/4	'88 Jun	98 1/4	9.55		9.41
dm 100	Venezuela	7	'83 Oct	98	7.79	8.23	7.14
dm 25	Venezuela	7	'83 Nov	98 1/2	7.62		7.19
dm 150	Venezuela	6 3/4	'86 Nov	91 1/2	8.63	9.37	7.72
dm 100	Bnd (Argentine)	7 1/2	'87 Nov	88 1/2	9.85		8.19
dm 200	Bnde (Brazil)	6 3/4	'86 Mar	86 3/4	9.84		7.78
dm 100	Bnde (Brazil)	8 1/2	'87 Apr	97	9.10	9.23	8.76
dm 150	Comp Energ Sao Paulo	7	'87 Nov	92 1/4	8.44	9.00	7.59
dm 70	Comp Vale Do Rio Doce	9	'84 Feb	99 3/4	9.08	9.10	9.02
dm 100	Comp Vale Do Rio Doce	8 1/2	'86 Dec	96 3/4	9.18	9.33	8.79
dm 100	Eletrobras	6 3/4	'85 Dec	86 1/4	9.94		7.83
dm 100	Eletrobras	7	'87 Feb	93 1/4	8.35		7.51
dm 150	Eletrobras	7	'87 Sep	93 1/4	8.26		7.51
dm 100	Light-Services Brazil	8 1/2	'82 Jun	97 1/4	14.85		8.74
dm 100	Light-Services Brazil	6 3/4	'86 May	86 3/4	9.77		7.78
dm 125	Light-Services Brazil	8 1/2	'88 Jan	92 3/4	9.67	9.88	9.16
dm 100	Petrobras	7	'84 Oct	90 1/4	9.85		7.76
dm 100	Petrobras	7	'87 Oct	85 3/4	9.53	10.12	8.13
dm 125	Petrobras	8	'89 Oct	90 1/2	9.54	9.86	8.84
	SPAIN						
dm 200	Spain	6 3/4	'84 Aug	93	8.82		7.26
dm 200	Spain	6	'88 May	86 1/4	8.44		6.96
dm 100	Aumar	7 3/4	'84 Jul	96 3/4	8.72		8.01
dm 70	Aumar	9	'84 Aug	96 1/2	10.85	10.51	9.33
dm 100	Aumar	7 1/2	'88 Feb	98	7.85	8.00	7.65
dm 100	Autopistas	7 1/4	'84 Jul	97 1/2	7.99	8.32	7.44
dm 100	Autopistas	7	'86 Oct	94	8.41	8.71	7.45
dm 100	Autopistas	6 3/4	'87 Oct	94	7.84	8.64	7.18
dm 100	Europistas	8 1/4	'86 Feb	98 1/2	8.59	8.81	8.38
dm 100	Europistas	8	'87 Jan	98 3/4	8.22	8.41	8.10
dm 100	Renfe Red Nacional	8 1/2	'82 Jul	99	9.05		8.59
dm 100	Renfe Red Nacional	8	'84 Apr	97 3/4	8.71		8.18
	SWEDEN						
dm 250	Sweden	6 1/2	'84 May	96 1/4	7.44		6.75
dm 100	Sweden	8	'87 Feb	100	7.99		8.00
dm 200	Sweden	9 3/4	'87 Apr	107 1/2	8.27		9.07
dm 200	Sweden	9	'87 May	104	8.22		8.65
dm 200	Sweden	7 3/4	'88 Jul	99	7.90		7.83
dm 200	Sweden	7 1/2	'89 Aug	96	8.13		7.81
dm 200	Sweden	6	'89 Dec	89	7.66	8.08	6.74
dm 100	Ericsson Tel.	6 3/4	'87 Mar	85 1/4	7.67	8.27	7.09
dm 100	Forsmarks Kraftar Ab	8 1/4	'83 Jul	101	7.87	7.53	8.17
dm 100	Forsmarks Kraftar Ab	5 3/4	'90 Jun	88 1/4	7.49		6.52
dm 40	Kommunlnvest Institutet	7 3/4	'83 Apr	97 1/2	8.78	9.22	7.95
dm 40	Kommunlnvest Institutet	8	'84 Oct	98	8.56	8.86	8.16
dm 50	Malmoe Municipality	8 1/4	'83 Mar	100	8.24	8.24	8.25
dm 50	Malmoe Municipality	9 1/4	'84 Feb	102	8.59	8.19	9.07
dm 50	Mo Och Domsjo Akde	9	'83 Jun	101 1/2	8.41		8.87
dm 100	Post-Och Kreditbanken	5 3/4	'88 May	89	7.63	8.15	6.46
dm 75	Saab-Scania	7 3/4	'86 Jun	99 1/4	7.91	8.00	7.81
dm 75	Sandvik	9 1/4	'85 Feb	102 1/4	8.57		9.05
dm 75	Sandvik	7 1/2	'87 Feb	96 1/4	8.24	8.72	7.79
dm 100	Stockholm County Coun	8 3/4	'87 Apr	100 3/4	8.60	8.61	8.68
dm 80	Svenska Cellulosa Ab	7 1/4	'88 Feb	96 1/2	7.87	8.23	7.51
dm 100	Sveriges Invest.Bank	8 1/2	'83 Jun	101 1/2	7.91	7.44	8.37
dm 100	Sveriges Invest.Bank	6 3/4	'87 Mar	94 1/2	7.82	8.52	7.14
dm 100	Sveriges Invest.Bank	7	'88 Mar	96 1/4	7.65	8.07	7.27
dm 100	Swedish State Company	7	'85 Mar	96 1/2	7.90	8.27	7.25
	SWITZERLAND						
dm 100	Alusuisse Intern	8 1/4	'83 Aug	102	7.51	7.21	8.09
	UNITED KINGDOM						
dm 100	Barclays Overs Inv	6 3/4	'89 May	94	7.69		7.18
dm 75	Beecham	8	'85 Nov	100 1/2	7.92		7.96
dm 50	Burmah Oil Co.Ltd.	8 1/2	'85 Nov	103	7.80	7.41	8.25
dm 100	Courtaulds Intl.Fin.	6 1/2	'87 Jul	94	7.62	8.51	6.91
dm 60	Grand Metrop Finance	7	'84 Aug	95 1/2	8.31	8.97	7.33
dm 100	Guest Keen Nettlefold	8	'83 May	99 1/2	8.28		8.04
dm 100	Ici Intl Fin	7 1/2	'86 Dec	98	7.98	7.96	7.65
dm 150	Ici Intl Fin	6 3/4	'87 Jul	95 1/4	7.45	7.85	7.09
dm 100	Ici Intl Fin	6 1/2	'92 Mar	92 3/4	7.43	7.56	7.01
dm 100	Intl.Commercial Bank	6 3/4	'83 Jun	97 1/4	7.81	8.32	6.94
dm 30	Metropol.Estate 7.78	6 3/4	'87 Aug	89 1/2	8.75	9.92	7.54
dm 100	Metropol.Estate	7	'88 May	94 3/4	7.90	8.46	7.39
dm 100	Natl.Westminster Bank	8	'88 Oct	100	7.99	7.99	8.00
dm 100	Reed Intl.Ltd.	7 1/4	'86 Jan	96	7.98	7.23	7.55
dm 100	South Scotland Elec.	7	'88 Feb	94 1/2	7.97		7.41
dm 125	Standard Chartered Bk	6 1/2	'88 Jan	94	7.57	8.02	6.91
dm 300	Trafalgar House Fin.	6 1/2	'87 Oct	94 3/4	7.44	8.14	6.86
	UNITED STATES-AMERICA						
dm 70	American Express Intl	5 1/2	'87 Jan	88 3/4	7.71		6.20
dm 150	Bank Of America	5 3/4	'89 Nov	87	7.58		6.61
dm 300	Chrysler Overseas	7	'84 Jul	80 1/2	13.44	19.13	8.70
dm 200	Itm World Trade	10	'84 Apr	100 1/2	9.84		9.95
dm 100	Occidental Overseas	6 1/2	'83 Oct	96 3/4	7.44	8.41	6.72
dm 100	Sps Intl.Finance Corp	7 1/2	'88 Jul	97 1/2	7.93	8.26	7.69
dm 80	Trw Intl.Fin.	7 1/2	'84 Oct	98 1/4	7.99	8.26	7.63
dm 50	Wells Fargo Intl. w/w	4 1/2	'88 Nov	105	5.23	5.28	6.19

CONVERTIBLE BONDS

Amt	Security	Middle Price	Conv. Period	Conv.Pr p/Sh.	Conv. Prem.	Curr. Yld Sh%
	EUROPE					
$25	Aga Ab 7 3/4 % 1989 Mar	118	1 Oct 79 5 Mar 89	skr 145 – skr 140 1/5	4.37-	2.89
$70	Akzo 28.32 4 3/4 % 1989 Jan	81 1/2	1 Sep 69 maturity	hfl 127.38– hfl 88 1/2	134.57	10.08
$60	Alusuisse Intern 4 3/4 % 1987 Mar	88 3/4	1 Sep 69 maturity	$1288 1/3	4.24-	3.38
$25	Amro Bank 88.09 5 1/2 % 1989 Jan	259 1/2	1 Jan 76 31 Dec 88	hfl 44.88– hfl 24	4.48-	7.67
$35	Babcock Nederland 7 % 1992 Oct	93 1/2	17 Apr 78 15 Sep 92	p 125 – p 93 1/3	8.14-	5.61
$35	Beecham Fin 224.14 6 3/4 % 1992 Sep	186	15 Sep 78 18 Aug 92	p 171.76– p 128 1/6	.11-	3.88
$30	Boots Co Ltd 6 3/4 % 1993 Aug	128	1 Feb 79 1 Jul 93	p 216 – p 174 8/9	.54-	2.84
$84	Brown Boveri Bbc 5.24 4 1/4 % 1993 Dec	88	1 Jul 79 maturity	$208 3/8	2.64-	3.38
$70	Burmah Oil 192.00 5 1/2 % 1988 Oct	175	1 Apr 70 maturity	£2.17 $5 1/5	2.00-	1.94
$99	Ciba-Geigy Overs 2.88 4 % 1994 Jul	79 1/2	1 Sep 79 maturity	$675	4.02	2.57
$100	Credit Suisse Ltd 4 1/4 % 1991 Dec	131 1/2	19 Jan 77 maturity	$1004 3/4	1.38-	3.54
$100	Credit Suisse Ltd 4 3/4 % 1993 Dec	101 1/2	1 Oct 79 maturity	$1270	3.88-	3.54
$30	Elsevier-Ndu 7.69 8 3/4 % 1995 Mar	182 1/2	1 May 80 28 Feb 95	hfl 220 – hfl 252 2/9	13.89	3.85
$25	Ennia Nv 28.88 7 1/4 % 1992 Jun	146	15 Jun 76 maturity	hfl 117.44– hfl 92 8/9	.89	6.09
$25	Esselte Ab 7 3/4 % 1989 May	101 5/8	15 Sep 79 5 May 89	skr 159 skr 152 1/9	2.39-	3.44
$25	General Shopping 6.19 5 1/4 % 1987 Sep	125	1 Jun 73 maturity	$151 5/8	2.27-	5.08
ff 100	Gervais Danone .46 5 % 1987 Jun	77 1/2	15 Sep 72 maturity	ff 1500	14.42	2.95
$40	Hoogovens 24.67 5 1/4 % 1988 Aug	82 1/2	1 Jan 69 maturity	hfl 104 – hfl 56	178.31	
$100	Ici Int Fin 124.77 6 3/4 % 1997 Oct	185 3/4	1 May 78 1 Sep 97	p 460 – p 343 2/9	3.98-	4.80
$35	Inchcape Ltd 151.22 6 3/4 % 1992 Apr	138	15 Oct 77 18 Mar 92	p 385 – p 283 1/6	3.04-	3.75
$34	Interahe Overs 5.88 5 1/4 % 1990 Oct	81	2 Apr 79 maturity	$260	2.38-	4.12
$54	Michelin Intern 4.57 6 % 1985 Jan	92 1/2	1 Apr 70 maturity	ff 7214 – $219	5.39	4.57
$20	Novo Industri a/s 7 % 1989 Jan	106 1/2	15 Apr 79 30 Dec 88	dkr 250 dkr 265 8/9	2.52-	2.75
$100	Philips Lamps 84.70 4 3/4 % 1983 Jun	90	1 Jan 69 maturity	hfl 42.50– hfl 22 8/9	16.29	10.16
$75	Rank Organisat 48.86 4 1/4 % 1993 Feb	58 1/2	16 Feb 74 maturity	p 618 – $14 1/2	62.72	3.56
dm 20	Rothmans Int 1481.48 6 1/4 % 1992 Jun	82	1 Jan 73 maturity	p 42 1/2 p 134 1/2	123.19	4.31
$64	Sandoz Overseas 5.65 4 3/4 % 1988 Dec	97 1/2	31 Oct 77 maturity	$283	2.67-	2.71
$35	Sandvik Ab 38.35 6 1/4 % 1988 Mar	112	1 Jan 78 8 Mar 88	skr 235 – $49 1/7	9.35	2.62
$30	Slater Walker 115.58 5 1/4 % 1987 May	46 1/2	1 Jan 73 maturity	1.235 – $8 2/3	764.51	
$30	Suez Finance 15.51 7 % 1985 May	100	30 Jun 70 maturity	ff 358.25– $64 1/2	2.25-	4.12
$35	Thorn Intern 7 % 1988 Jul	95 1/2	1 Nov 78 10 Jul 88	p 367 – p 296 1/3	2.54	4.21
$100	Ubs (Luxembourg) 1.80 5 % 1981 May	160	1 Jun 76 14 May 81	$1159 1/4	4.26-	2.99
$120	Ubs (Luxembourg) 1.80 4 1/2 % 1987 May	170	1 Jun 77 maturity	$1130 2/9	2.90-	2.99
$115	Ubs (Panama) 15.00 5 % 1989 May	99 3/4	1 Feb 80 maturity	$74 1/2	5.97	
	JAPAN					
$40	Ajinomoto Co Inc 7 3/4 % 1995 Mar	108 1/4	11 Feb 80 24 Mar 95	yen 615.50– 551 4/5	1.43-	1.45
$30	Asahi Chemical Ind 6 1/4 % 1990 Sep	180	1 Apr 76 15 Sep 90	yen 140.20– 180 2/5	3.80-	2.46
$30	Asahi Optical Co Ltd 6 % 1994 Mar	103 3/4	1 Nov 79 15 Mar 94	yen 526.10– 513 8/9	1.08-	1.39
$15	Asics Corporation 5 3/4 % 1993 Jan	74 3/4	1 Sep 78 8 Jan 93	yen 541 – 543 1/2	4.71	1.93
$80	Canon Inc 6 3/4 % 1994 Dec	114 1/4	31 Dec 79 maturity	yen 578 – 571 4/9	.40	1.54
$15	Dai Nippon Printing 6 3/4 % 1986 May	470	1 May 71 30 Apr 86	yen 180.30– 108 2/3	1.78-	1.73
$30	Daiei Inc 6 % 1991 Aug	115 1/2	1 Sep 76 30 Aug 91	yen 870.30– 428 4/9	3.71-	1.99
$50	Daiei Inc 6 1/2 % 1994 Aug	100 1/4	1 Nov 79 maturity	yen 922.30– 897 1/8	19.72	1.99
$15	Daiwa House Industry 7 1/4 % 1991 Mar	102	1 Aug 76 15 Mar 91	yen 541 – 390	5.29-	2.38
$30	Hitachi Ltd 6 1/4 % 1984 Sep	227	1 Jan 70 31 Aug 84	yen 191.16– 115 1/5	3.15-	2.22
$50	Honda Motor Co Ltd 5 1/2 % 1989 Mar	98 3/4	1 May 79 24 Feb 89	yen 530.90– 571 4/9	1.67	1.62
$50	Ito-Yokado Co Ltd 6 % 1992 Aug	124 1/2	22 Jun 77 30 Aug 92	yen 1186.30– 946 1/3	.99-	1.60
$50	Ito-Yokado Co Ltd 5 3/4 % 1993 Aug	98	22 Jun 78 30 Aug 93	yen 1208.70– 1228 1/2	1.17	1.60
$40	Jusco Co Ltd 6 % 1992 Feb	95	1 Jul 77 19 Feb 92	yen 977.60– 764 3/4	3.05	2.34
$20	Kao Soap Co Ltd 6 % 1992 Sep	104	1 Oct 77 15 Sep 92	yen 528.20– 430 8/9	3.02	3.45
$50	Komatsu Ltd 7 1/4 % 1990 Jun	147	30 Jun 75 maturity	yen 348.70– 257 1/5	1.80-	2.34
$75	Kubota Ltd 6 3/4 % 1991 Apr	148	19 Feb 76 14 Apr 91	yen 326.40– 233 3/4	2.82-	2.11
$30	Marui Co Ltd 6 1/2 % 1991 Jan	180	1 Jul 76 30 Jan 91	yen 897.80– 651 5/8	4.59-	1.76
$100	Matsushita Electric 6 3/4 % 1990 Nov	177	20 Nov 75 19 Nov 90	yen 544.40– 389 8/9	1.48	1.47
$60	Mitsubishi Corp 6 3/4 % 1991 Mar	208	1 May 76 maturity	yen 425.10– 306 4/9	4.98-	1.09
$40	Mitsubishi Corp 6 % 1992 Mar	148	1 Aug 77 maturity	yen 471.80– 383 4/9	4.88-	1.09
$60	Mitsubishi Corp 6 1/2 % 1994 Sep	128 1/2	15 Oct 79 maturity	yen 549.10– 538 1/6	5.62	1.09
$20	Mitsubishi Gas Chem 6 % 1992 Sep	160	1 Jul 77 29 Sep 92	yen 235 – 187 1/2	3.54-	1.93
$50	Mitsubishi Heavy Ind 6 1/2 % 1991 Mar	158	31 Mar 76 maturity	yen 154 – 109 3/8	3.46-	3.39
$20	Mitsui Co Ltd 8 1/4 % 1989 Sep	209	30 Sep 74 29 Sep 89	yen 245.28– 177 8/9	.33-	1.88
$20	Mitsui Real Estate 6 % 1992 Sep	125	1 Oct 77 29 Sep 92	yen 473.40– 383 3/5	4.67-	1.49
$30	Nippon Seiko 7 1/4 % 1994 Oct	110 1/2	1 Dec 79 14 Oct 94	yen 339 – 327 5/7	3.17	1.71
$15	Nitto Electric Ind 6 % 1992 Sep	103	1 Sep 77 29 Sep 92	yen 677.20– 556 3/8	2.87-	1.27
$20	Nitto Electric Ind 6 % 1994 Sep	89	1 Jul 79 29 Sep 94	yen 725 – 726 1/6	9.54	1.27
$15	Ricoh Co Ltd 6 1/4 % 1991 Sep	200	1 Dec 76 29 Sep 91	yen 280.10– 279 3/5	3.75-	1.55
$25	Sankyo Electric Co 8 1/4 % 1995 Mar	94 1/2	1 Apr 80 20 Mar 95	yen 667 – 600 1/5	7.82	1.89
$20	Sanyo Electric Co 7 1/2 % 1990 Nov	280	1 Dec 75 15 Nov 90	yen 171.80– 723 3/8	4.04-	1.67
$30	Sanyo Electric Co 6 1/4 % 1991 Nov	192	1 Dec 76 15 Nov 91	yen 239 – 176 5/8	5.80-	1.67
$20	Sumitomo Electric 6 % 1992 Sep	122	1 Oct 77 25 Sep 92	yen 202 – 164 1/6	5.53-	2.36
$30	Sumitomo Metal Ind 6 % 1992 Mar	137	1 Nov 76 30 Mar 92	yen 144 – 108 5/8	5.81-	3.16
$30	Toshiba 6 3/4 % 1990 Sep	202	1 Oct 75 15 Sep 90	yen 126 – 92 5/8	4.54-	2.55
$50	Toshiba 6 1/4 % 1992 Sep	169	18 Nov 77 29 Sep 92	yen 129 – 110 1/5	4.98-	2.55
$50	Toshiba 7 1/4 % 1994 Sep	102 1/2	1 Nov 79 29 Sep 94	yen 198 – 189 3/4	.77-	2.55
	MISCELLANEOUS					
$30	Rand Selection 121.58 6 1/2 % 1986 Mar	220	1 Sep 71 31 Jan 86	rnd 5.87 $8 2/9	3.84-	3.15
$30	Unit Overs Bk 468.69 6 1/2 % 1988 Nov	84	1 May 74 19 Nov 88	$64.95– $2 1/8	18.75-	2.50
	UNITED STATES AMERICA					
$15	Addressograph 12.50 4 3/4 % 1988 May	61 1/2	1 Dec 68 maturity	$80	217.42	1.81
$12	Alaska Interst 44.94 6 % 1987 Aug	104	1 Mar 73 maturity	$22 1/4	3.58-	2.88
$30	Alco Standard 25.00 9 1/2 % 1994 Oct	94 1/2	15 Oct 79 maturity	$40	28.14	5.93
$30	American Can 77.89 4 3/4 % 1988 May	73	1 May 69 maturity	$58 1/2	22.34	8.38
$40	American Express 16.67 4 1/4 % 1987 May	74 1/2	15 May 73 maturity	$40	25.47	5.61
$10	American Medica 37.19 7 % 1990 Jan	141	15 Jul 78 maturity	$26 8/9	2.79-	2.85
$25	American Medica 29.24 5 1/2 % 1992 Apr	111	15 Oct 72 maturity	$34 1/5	2.46-	2.85
$25	American Motor 133.33 6 % 1993 Apr	79	1 Oct 72 maturity	$7 1/2	15.61	5.85
$50	American Tobacc 27.78 5 1/4 % 1988 Aug	287	15 May 69 maturity	$36	2.91-	7.56
$30	Amf Incorp 19.14 5 % 1987 Sep	65 1/2	1 Jun 73 maturity	$52 1/4	134.01	8.48
$25	Apache Intl Fin 47.34 8 3/4 % 1995 May	111 3/4	1 Dec 80 maturity	$21 1/8	2.15-	1.36
$15	Bangor Punta 18.46 5 1/4 % 1988 Jul	72	15 Jan 69 maturity	$54 1/6	78.29	4.57
$20	Bankers Intern 14.46 5 % 1984 Jun	89	1 Dec 67 maturity	$60	10.10	6.80
$20	Beatrice Foods 57.14 7 1/4 % 1990 Nov	123	1 Jul 71 maturity	$17 1/2	4.86-	5.75
$25	Beatrice Foods 43.72 6 1/4 % 1991 Aug	98 1/2	1 Mar 72 maturity	$22 7/8	.41-	6.35
$25	Beatrice Foods 33.71 4 1/2 % 1992 Sep	81 1/2	1 Apr 73 maturity	$28	.86	5.73
$25	Beatrice Foods 43.56 4 7/8 % 1992 Aug	94 1/2	1 Apr 74 maturity	$22 3/4	4.98-	5.75
$30	Borden Overseas 34.78 6 3/4 % 1991 Jul	98 1/2	15 Apr 72 maturity	$28 3/4	4.88	7.40
$30	Borden Overseas 31.75 5 % 1992 Sep	79 1/2	1 Jul 77 maturity	$31 1/2	.17	7.60
$15	Bristol-Myers 34.78 4 1/2 % 1988 Dec	135 1/2	30 Jun 66 maturity	$38 3/4	2.41-	4.00
$35	Broadway-Hale 24.10 4 3/4 % 1987 Jul	73	15 Jun 73 maturity	$41 1/2	73.42	6.72
$10	Brown & Sharpe 38.63 5 1/2 % 1988 Mar	87	18 Sep 68 maturity	$25 8/9	3.13-	5.16
$25	Carnation Comp 19.22 4 % 1988 Jun	71	1 Aug 73 maturity	$52	34.25	6.04
$7	Carrier a/s 34.48 6 % 1989 Dec	85	31 Jul 70 maturity	$29	1.89-	10.15
$15	Cdc Control Data 7.25 5 % 1988 Apr	72 1/2	15 Oct 68 maturity	$129	71.61	1.10
$50	Charter Intl Fin 28.51 8 1/4 % 1994 Oct	80 1/2	1 Oct 79 maturity	$48 3/4	82.67	4.15
$12	Chesebrough-Pon 40.82 4 3/4 % 1983 Dec	110	1 Nov 69 maturity	$24 1/2	4.48-	4.53
$25	Chesebrough-Pon 37.38 6 1/4 % 1984 Dec	181	15 Sep 78 maturity	$26 3/4	4.36-	4.53
$50	Chevron Overs 32.18 5 % 1988 Feb	249	1 Aug 68 maturity	$21 1/9	1.79-	4.56
$60	Chrysler Overs 14.13 5 % 1988 Feb	48 1/2	15 Aug 68 maturity	$42	329.57	
$40	Chrysler Overs [illegible] 4 3/4 % 1988 May	48	15 Dec 68 maturity	$73 1/2	484.80	
$12	Cie Intern Cap 37.38 5 3/4 % 1988 Dec	52	15 Jul 69 maturity	$26 3/4	554.97	
$20	Coca-Cola Bott 111.11 6 3/4 % 1993 Aug	72	20 Apr 79 maturity	$9	29.60	8.88
$15	Com Psychiatric 27.21 8 1/2 % 1995 Mar	96	1 Mar 80 maturity	$26 3/4	9.14	2.18
$25	Continental Tel 40.41 5 1/2 % 1988 Mar	82 1/2	1 Apr 69 maturity	$24 3/4	36.13	9.87
$15	Cummins Int Fin 18.35 6 1/4 % 1986 Oct	82 1/2	30 Jun 72 maturity	$54 1/2	44.46	5.78
$20	Cummins Int Fin 27.65 5 % 1988 Aug	82	1 May 69 maturity	$26 1/6	4.72-	5.78
$20	Damon Corp 13.75 5 1/4 % 1987 Dec	59	1 Jul 73 maturity	$72 3/4	313.18	2.86
$20	Dart Industries 16.18 4 3/4 % 1987 Aug	77	1 Sep 73 maturity	$99	42.49	5.23
$15	Denny's Intern 24.41 5 1/2 % 1989 Mar	72 1/2	1 Oct 69 maturity	$41	81.53	5.37
dm 100	Deutsche Texaco 5.88 5 % 1986 May	89 7/8	1 Nov 67 15 Apr 86	dm 170	134.34	5.57
$8	Dictaphone Int 24.19 5 1/2 % 1988 Mar	128 1/2	1 Oct 68 maturity	$29 1/4	3.30-	3.45
$25	Dillingham Int 37.74 5 1/2 % 1988 May	70	31 Dec 68 maturity	$26 1/2	89.57	5.14
$70	Eastman Kodak 10.42 4 1/2 % 1988 May	77	15 May 69 maturity	$96	29.40	5.08
$25	Eaton Intern 27.27 5 % 1987 May	78	1 Jan 73 maturity	$36 2/3	18.00	6.62
$15	E.L. Intern 21.98 4 3/4 % 1987 Dec	74	1 Oct 73 maturity	$45 1/2	51.33	4.49
$13	Electron Memori 29.85 5 1/2 % 1988 Dec	63	15 Jul 69 maturity	$33 1/2	369.88	
$50	Enserch Finance 33.85 9 1/2 % 1994 Dec	113 3/4	15 Jul 80 10 Dec 94	$30 1/4	5.07	5.35
$20	Fed Dept Stores 24.39 4 1/2 % 1985 Dec	84	15 Jul 66 maturity	$41	18.76	6.21
$30	Fedders Capital 21.16 5 % 1992 May	37 1/2	15 Dec 72 maturity	$47 1/4	425.00	
$60	Firestone Overs 34.04 5 % 1988 May	57	31 Dec 68 maturity	$29 3/8	135.00	
$60	Ford Intern Cap 18.11 6 % 1992 Aug	85	15 Nov 66 maturity	$55 2/9	91.59	14.33
$50	Ford Intern Cap 19.81 5 % 1986 Mar	76 1/2	1 Oct 71 maturity	$50 1/2	57.48	14.33
$75	Ford Intern Fin 17.79 5 % 1988 Mar	76 1/2	30 Apr 74 maturity	$56 1/5	77.29	14.49
$20	Galveston-Houst 30.77 8 3/4 % 1994 Apr	108	15 Apr 79 14 Apr 94	$32 1/2	.43-	1.36
$10	Galveston-Houst 25.64 8 % 1994 Dec	100	18 Dec 79 maturity	$39	19.49	1.36
$30	Gearhart Financ 16.67 7 1/2 % 1995 Mar	108 3/4	1 Mar 80 maturity	$60	4.97	
$50	General Electr 12.38 4 1/4 % 1987 Jun	76 1/2	15 Jun 73 maturity	$80 3/4	20.83	5.87
$50	General Foods 23.32 4 5/8 % 1982 Oct	90 1/2	1 Jul 68 maturity	$42 7/8	26.70	7.18
$15	Genesco World 26.32 5 1/2 % 1988 Mar	51	1 Nov 68 maturity	$38	436.88	
$20	Giffen Intern 52.63 5 3/4 % 1984 Feb	59	1 Sep 69 maturity	$19	387.64	
$50	Gillette Comp 14.93 4 3/4 % 1987 Dec	71	30 Jun 73 maturity	$67	96.36	7.89
$50	Gillette Intern 14.81 4 3/4 % 1982 Dec	87	31 May 68 maturity	$67 1/2	142.16	7.89
$15	Grace Wr Overs 17.45 5 % 1986 Apr	85	1 Aug 67 maturity	$57 1/3	30.39	5.48
$50	Gulf & Western 64.23 5 % 1988 Feb	103	1 Aug 68 maturity	$15 4/7	2.86-	4.58
$15	Harris Intern 65.98 5 % 1992 Apr	232	29 Dec 72 maturity	$15 1/6	4.26-	1.96
$15	Holiday Inns 28.57 8 % 1985 Oct	94	1 May 71 maturity	$35	65.53	3.52
$50	Honeywell Capit 8.33 6 % 1986 Nov	86	1 Jul 72 maturity	$120	32.95	3.35
$30	Honeywell Overs 9.71 5 % 1983 Feb	92 1/2	15 Aug 68 maturity	$103	22.74	3.25
$50	Ina Overs Fin 30.93 6 % 1997 Aug	106 3/4	1 May 78 maturity	$32 1/3	4.82-	6.11
$50	Int Stand Elect 18.48 6 % 1988 Feb	79 1/2	15 Aug 68 maturity	$54 1/9	55.02	8.65
$16	Int Stand Elect 15.15 5 1/4 % 1988 Dec	71	1 Jun 69 maturity	$66	48.86	8.65
$25	Int Stand Elect 14.84 6 1/4 % 1989 Nov	76	15 May 70 maturity	$59 2/5	42.68	8.65
$50	Int Telephone 17.82 4 3/4 % 1987 Oct	72	15 Apr 73 maturity	$56 1/8	45.42	8.65
$12	Int Utilities 76.05 5 1/4 % 1986 Jun	113	1 Aug 67 maturity	$13 1/7	2.41-	4.23
$20	Intercont Hotel 72.83 7 % 1986 Jun	81 1/2	20 Mar 72 maturity	$13 3/4	149.83	
$15	Ise Fin Holding 24.56 4 1/2 % 1986 Mar	78	1 Jan 67 maturity	$40 5/7	14.44	8.65
$20	Itt Sheraton 18.35 6 1/2 % 1989 Jul	77 1/2	1 Feb 70 15 Jul 88	$54 1/2	52.21	8.65
$25	Jonathan Logan 19.16 4 3/4 % 1983 Jun	78	15 Dec 68 maturity	$52 1/5	286.16	7.16
$30	Kaiser Aluminum 40.40 5 % 1986 Feb	89	1 Aug 69 maturity	$24 5/8	8.90	5.96
$30	Kidde Walter 15.84 5 % 1989 Feb	78	1 Sep 69 maturity	$63 1/7	41.73	5.38
dm 100	Krefico Intern 6.49 7 1/2 % 1985 Sep	100	1 May 71 31 Aug 85	dm 154	94.94	6.44
$30	Laar Petrol Lac 42.86 8 % 1989 Jun	104 1/4	15 Jun 79 maturity	$32 1/3	11.29	
$40	Leasco Intern 14.13 5 % 1989 Jan	186	1 Sep 69 maturity	$62	3.71-	2.93
$60	Liv Intern 39.15 5 % 1988 Jul	65 1/2	1 Feb 69 maturity	$25 5/9	55.71	
$30	Marine Midland 25.00 5 % 1988 May	74	15 Dec 68 maturity	$40	98.97	5.87
$15	Marriott Corp 28.43 5 % 1988 Oct	79	15 May 74 maturity	$29 8/9	13.11	
$38	Masco Corp 31.01 4 1/2 % 1988 Jan	85	1 Sep 73 maturity	$32 1/4	2.48	2.26
$25	Massmutual Mtge 31.81 6 3/4 % 1987 Jul	72 1/2	15 Mar 73 maturity	$32 1/4	71.61	11.45
$30	Mcdermott Ray 59.70 4 3/4 % 1987 Oct	167	1 May 73 maturity	$16 3/4	5.18-	4.75
$15	Mds Capital 12.20 5 1/2 % 1989 May	59	1 Jan 70 maturity	$82	234.56	
$20	Mohasco Intern 28.62 5 % 1987 Jun	57 1/2	15 Mar 73 maturity	$48 1/2	284.46	12.41
$25	Monsanto Intern 11.63 4 1/2 % 1985 Oct	88	1 May 66 maturity	$86	45.54	6.82
$50	Morgan Jp Overs 19.34 4 1/4 % 1987 Jun	92	15 Jun 73 maturity	$52 1/4	1.48-	5.74
$30	Motorola Intern 25.20 4 1/2 % 1983 Jul	116	1 Feb 69 maturity	$39 2/3	3.89-	2.92
$30	Nabisco Intern 38.40 5 1/4 % 1988 Mar	95 1/2	15 Sep 68 maturity	$25 1/4	2.08-	6.58
$7	National Can 52.48 5 3/8 % 1987 Dec	112	1 Jun 69 maturity	$18 6/7	4.73-	4.80
$50	Nicor Overs Fin 27.39 10 3/4 % 1995 May	108	1 Dec 80 maturity	$36 1/2	16.94	7.66
$26	Norwich Overs 28.41 4 3/4 % 1983 Dec	82	15 Dec 69 maturity	$49	28.71	5.36
$25	Owens Illinois 36.86 4 1/2 % 1987 Jul	96	1 Feb 73 maturity	$27 1/8	.35	4.62
$30	Pan American 42.62 5 1/4 % 1988 Sep	67	1 May 69 maturity	$16	138.22	
$25	Penney Jc Europ 18.35 6 % 1989 Dec	76	1 Jul 78 maturity	$54 1/2	38.95	7.06
$35	Penney Jc Intr 11.91 4 1/2 % 1987 Aug	72	1 Aug 73 maturity	$84	131.58	7.84
$10	Planning Resear 38.80 6 1/2 % 1984 Dec	75	15 Jul 70 maturity	$30	564.67	
$8	Plywood-Champio 37.38 5 1/4 % 1983 Feb	92	1 Jan 69 maturity	$26 3/4	1.56-	5.68
$10	Ramada Capital 44.23 6 1/4 % 1986 Nov	76	15 Jul 72 maturity	$15 4/7	55.30	1.57
$50	Rca Intern 18.35 5 % 1988 Feb	74 1/2	1 May 69 maturity	$85	82.11	8.60
$50	Revlon Incorp 25.16 4 3/4 % 1987 Apr	116	2 Jan 73 maturity	$39 3/4	1.63-	3.53
$26	Revlon Intern 29.41 4 3/4 % 1983 Jun	136 1/2	2 Jan 69 maturity	$34	.99-	2.33
$50	Reynolds Metals 22.34 5 % 1988 Jun	82 1/2	31 Mar 69 maturity	$44 3/4	17.67	7.91
$12	Saxon Industrie 44.67 5 3/4 % 1987 Oct	63	30 Apr 73 maturity	$15	71.82	
$15	Scm Overseas 22.86 5 1/4 % 1989 Mar	81 1/2	1 Jan 70 maturity	$45 1/3	34.84	4.81
$15	Searle Intern 54.55 4 3/4 % 1988 May	117	1 Jan 69 maturity	$18 1/3	3.05-	2.35
$30	Southland Corp 28.41 5 % 1987 Jul	76 1/2	1 Feb 73 maturity	$35 1/5	25.25	4.47
$15	Spectra-Physics 22.39 8 % 1994 Dec	100	15 Dec 79 maturity	$42 3/4	21.71	
$40	Sperry Rand 19.42 4 1/4 % 1988 Feb	92 1/2	15 Mar 74 maturity	$51 1/2	1.53-	3.44
$50	Squibb Intern 17.54 4 1/4 % 1987 Jun	76	15 May 73 maturity	$57	38.87	3.30
$75	Texaco (Europe) 22.68 4 1/2 % 1988 Jul	85	15 Apr 69 maturity	$44 1/4	1.65	6.49
$25	Texas Int Air 68.97 7 1/2 % 1993 Aug	78 1/2	15 Apr 79 maturity	$14 1/2	31.97	1.86
$7	Thermo Electron 33.17 7 % 1984 Jul	96 1/2	15 Jan 70 maturity	$30 1/7	16.35	
$10	Trw Intern 19.85 5 % 1988 Feb	87	1 Feb 69 maturity	$52 1/2	15.63	5.57
$25	Tyco Intern 16.26 5 % 1984 Mar	79 1/2	1 Nov 69 maturity	$61 1/2	41.19	2.87
$25	Tyco Intern 47.62 8 1/2 % 1988 Jun	143	1 Jun 78 maturity	$21	1.85-	2.87
$50	Union Carbide 27.70 4 3/4 % 1982 Jul	92 1/2	1 May 68 maturity	$56 1/2	19.46	6.86-
$15	Ward Foods o/s 23.36 5 3/4 % 1988 Nov	56	1 Jun 69 maturity	$43	292.14	
$15	Warner Lambert 43.48 4 1/4 % 1987 Mar	92	1 Jun 67 maturity	$23	11.37	6.95
$40	Warner Lambert 20.83 4 1/2 % 1987 Apr	72 1/2	1 Apr 73 maturity	$48	23.16	6.95
$30	Warner Lambert 14.26 4 1/4 % 1988 Apr	78 1/2	1 Apr 74 maturity	$61 1/2	128.20	6.95
$20	Warner Lambert 34.48 4 1/2 % 1988 Aug	75 1/2	1 May 69 maturity	$29	15.24	6.95
$75	Xerox Corp 6.76 5 % 1988 Dec	73	1 Jan 75 maturity	$140	92.43	5.86

— HIGHEST CURRENT YIELDS —

On convertibles having a conversion premium of less than 10%.

Amt	Security	Middle Price	Conv. Period	Conv.Pr p/Sh.	Conv. Prem.	Curr. Yld Sh%
$25	Sankyo Electric Co 8 1/4 % 1995 Mar	94 1/2	1 Apr 80 20 Mar 95	yen 667 – 600 1/5	7.82	1.89
$15	Com Psychiatric 27.21 8 1/2 % 1995 Mar	98	1 Mar 80 maturity	$36 3/4	9.14	2.18
$50	Enserch Finance 33.85 9 1/2 % 1994 Dec	113 3/4	15 Jul 80 10 Dec 94	$30 1/4	5.07	5.25
$20	Galveston-Houst 30.77 8 3/4 % 1994 Apr	108	15 Apr 79 14 Apr 94	$32 1/2	.43-	1.36
$25	Apache Intl Fin 47.34 8 3/4 % 1995 May	111 3/4	1 Dec 80 maturity	$21 1/8	2.15-	1.36
$30	Unit Overs Bk 468.69 6 1/2 % 1988 Nov	84	1 May 74 19 Nov 88	$64.95– $2 1/8	10.75-	2.50
$15	Asics Corporation 5 3/4 % 1993 Jan	74 3/4	1 Sep 78 8 Jan 93	yen 541 – 543 1/2	4.71	1.93
$25	Esselte Ab 7 3/4 % 1989 May	101 5/8	15 Sep 79 5 May 89	skr 159 skr 152 1/9	3.39-	3.44
$35	Babcock Nederland 7 % 1992 Oct	93 1/2	17 Apr 78 15 Sep 92	p 125 – p 93 1/3	8.14-	5.61
$30	Borden Overseas 34.78 6 3/4 % 1991 Jul	98 1/2	15 Apr 72 maturity	$28 3/4	4.88	7.40
$25	Thorn Intern 7 % 1988 Jul	95 1/2	1 Nov 78 10 Jul 88	p 367 – p 296 1/3	2.54	4.21
$40	Ajinomoto Co Inc 7 3/4 % 1995 Mar	108 1/4	11 Feb 80 24 Mar 95	yen 615.50– 551 4/5	1.43-	1.45
$15	Daiwa House Industry 7 1/4 % 1991 Mar	102	1 Aug 76 15 Mar 91	yen 541 – 390	5.29-	2.38
$50	Toshiba 7 1/4 % 1994 Sep	102 1/2	1 Nov 79 29 Sep 94	yen 198 – 189 3/4	.77-	2.55
$7	Carrier a/s 34.48 6 % 1989 Dec	85	31 Jul 70 maturity	$29	1.89-	10.15
$30	Suez Finance 15.51 7 % 1985 May	100	30 Jun 70 maturity	ff 358.25– $64 1/2	2.25-	4.12
$30	Gearhart Financ 16.67 7 1/2 % 1995 Mar	108 3/4	7 Mar 80 maturity	$60	4.97	

— Explanation of Symbols —

CS	Canadian Dollar	SDR	Special Drawing Rights
ECU	European Currency Unit	Y	Yen
EUA	European Unit of Account	LFR	Luxembourg Franc
L	Pound Sterling	SFR	Swiss Franc
DM	Deutsche Mark	FF	French Franc
NMD	Norwegian Kroner - DM		

Consolidated Trading Of AMEX Listings

Week Ended June 27, 1980

	Sales	High	Low	Last	Chge
GtfCan g s	1,978,400	38 7/8	26 3/4	27	+1 1/4
RangerOil s	1,311,700	35	27 5/8	35	+8
HouOilM	1,118,200	29 5/8	28	28	—1 1/8
FalmntOil s	886,300	25	22	24	—3/8
HuskyOG s	677,200	15 1/2	14 3/4	14 3/4	—1/2
ImperOilA g	634,700	40 7/8	36 1/2	40 7/8	+3 1/2
BowValley	540,700	17 7/8	15 3/4	16 3/4	+1
ResrtIntA	509,800	36	33 1/2	35 1/4	+1 1/4
DynalecCp	465,400	14 1/2	12 1/4	14 1/4	+1 1/2
DomePetr g	432,100	76 1/4	69 1/4	75 1/2	+6

Volume: 27,540,000 shares
Year to Date: 725,970,000 shares
Issues traded in: 944
Advances: 488 ; declines: 295 ; unchanged: 161
New Highs: 75 ; new lows: 18

Kredietlux Indices

(Base 100 May 1, 1977)

	June 25, 1980
Industrials, US $	10.83
Int'l Institutions	11.46
Canadian $	11.94
UC 17	8.35
UC 9	10.07
DM	N.A.
Guilders	N.A.
FF	13.06
F Lux	9.80

Treasury Bills

	Bid	Ask	Yld
7-3-1980	4.98	3.94	4.00
7-10	5.38	4.78	4.77
7-17	5.92	5.34	5.43
7-22	6.05	5.47	5.56
7-24	6.32	5.44	5.74
7-31	6.09	5.73	5.84
8-7	6.89	6.61	6.75
8-14	7.30	7.04	7.30
8-19	7.39	7.09	7.26
8-21	7.50	7.24	7.42
8-28	7.54	7.36	7.45
9-4	7.61	7.31	7.51
9-11	7.45	7.37	7.58
9-16	7.69	7.37	7.59
9-18	7.79	7.51	7.85
9-25	7.78	7.44	7.89
10-2	7.81	7.60	7.86
10-9	7.81	7.57	7.86
10-14	7.78	7.50	7.88
10-16	7.78	7.52	7.91
10-23	7.78	7.52	7.92
10-30	7.80	7.64	7.95
11-4	7.79	7.61	7.93
11-13	7.82	7.66	8.00
11-20	7.82	7.64	8.01
11-28	7.81	7.65	8.01
12-4	7.81	7.67	8.04
12-11	7.82	7.66	8.05
12-18	7.82	7.68	8.08
12-26	7.83	7.76	8.18
1-8-1981	7.84	7.46	8.08
1-29	7.85	7.45	8.08
2-26	7.85	7.57	8.12
3-26	7.84	7.46	8.13
4-23	7.84	7.44	8.32
5-21	7.83	7.47	8.21
6-18	7.82	7.76	8.35

Subject to Federal taxes but not to State income taxes.

New York Industrial Index Fund N.V.
Curaçao, Netherlands Antilles

At the Annual General Meeting of Shareholders held on June 27th, 1980, a cash dividend for the financial year 1979 of U.S.$28.19 per Ordinary Share was declared payable as from July 7th, 1980 against delivery of dividend coupon n° 4 with the Paying Agent.

Pierson, Heldring & Pierson N.V.
Herengracht 214, Amsterdam.

Gold Options (prices in $/oz.)

Basis	29 Aug. 80	28 Nov. 80	Options for Feb. 1981 start on 4th Aug. 80
630	40.00-43.00	62.00-66.00	
650	34.00-37.00	55.00-59.00	
670	26.00-29.00	48.00-52.00	
690	20.00-23.00	38.00-42.00	
710	15.00-18.00	31.00-35.00	

New market hours 9.00 a.m. to 7.30 p.m.
Put options available on request.
Gold bullion 639.00-642.00

Valeurs White Weld S.A.
1, Quai du Mont-Blanc
1211 Geneva 1, Switzerland
Tel. 310251 - Telex 28305

U.S. $5,000,000 FEDERATIVE REPUBLIC OF BRAZIL
FLOATING RATE BONDS DUE 1984

Notice is hereby given that the rate of interest for the period 24th June 1980 to 24th December 1980 has been fixed at the rate of 11¼% per annum.

The Fiscal Agent: KREDIETBANK S.A. LUXEMBOURGEOISE.

This announcement appears as a matter of record only.

The Republic of Ecuador

$50,000,000

Seven Year Loan

Managed By

Shearson Loeb Rhoades
International Limited

The Bank of Nova Scotia Group — **Marine Midland Limited**

Banque Sudameris — **Bayerische Hypotheken-und Wechsel-Bank** Aktiengesellschaft

Co-Managed By

Banco de Santander International Miami, Florida — **Kredietbank International Group**

UBAF Arab American Bank — **UBAF Bank Limited**

Provided By

The Bank of Nova Scotia International Limited — **Banco de Santander International** Miami, Florida

Banco Sudameris Internacional S.A. — **Bayerische Hypotheken-und Wechsel-Bank** Aktiengesellschaft

Kredietbank N.V. — **UBAF Arab American Bank** — **UBAF Bank Limited**

The Bank of New York — **Marine Midland Limited** — **Banco Totta & Açores** New York Agency

Marine Midland Bank, N.A. — **Interamerican Bank Corporation S.A.**

Marine Midland Interamerican Bank — **State Bank of India** Panama Branch — **Union Trust Company of Maryland**

Agent Bank

Marine Midland Bank, N.A.

May, 1980

All of these Securities have been sold. This announcement appears as a matter of record only.

U.S. $75,000,000

Hudson's Bay Company

11½% Debentures Due 1990

MORGAN STANLEY INTERNATIONAL

DOMINION SECURITIES LIMITED — *RICHARDSON SECURITIES OF CANADA (U.K.) LTD.*

KLEINWORT, BENSON LIMITED — *IBJ INTERNATIONAL LIMITED*

SOCIETE GENERALE DE BANQUE S.A. — *SWISS BANK CORPORATION (OVERSEAS) Limited*

UNION BANK OF SWITZERLAND (SECURITIES) Limited

ABU DHABI INVESTMENT COMPANY — *ALGEMENE BANK NEDERLAND N.V.* — *A. E. AMES & CO. Limited*

AMSTERDAM-ROTTERDAM BANK N.V. — *ARNHOLD AND S. BLEICHROEDER, INC.* — *B.S.I. UNDERWRITERS Limited*

BACHE HALSEY STUART SHIELDS Incorporated — *BANCA COMMERCIALE ITALIANA* — *BANCA DEL GOTTARDO*

BANK OF AMERICA INTERNATIONAL Limited — *THE BANK OF BERMUDA Limited* — *BANK GUTZWILLER, KURZ, BUNGENER (OVERSEAS) Limited*

BANK OF HELSINKI Limited — *BANK JULIUS BAER INTERNATIONAL Limited* — *BANK MEES & HOPE NV* — *BANKERS TRUST INTERNATIONAL Limited*

BANQUE ARABE ET INTERNATIONALE D'INVESTISSEMENT (B.A.I.I.) — *BANQUE BRUXELLES LAMBERT S.A.*

BANQUE FRANCAISE DU COMMERCE EXTERIEUR — *BANQUE GENERALE DU LUXEMBOURG S.A.*

BANQUE DE L'INDOCHINE ET DE SUEZ — *BANQUE INTERNATIONALE A LUXEMBOURG S.A.*

BANQUE NATIONALE DE PARIS — *BANQUE DE NEUFLIZE, SCHLUMBERGER, MALLET*

BANQUE DE PARIS ET DES PAYS-BAS — *BANQUE POPULAIRE SUISSE S.A. LUXEMBOURG*

BANQUE PRIVEE DE GESTION FINANCIERE "B.P.G.F." — *BANQUE ROTHSCHILD* — *BANQUE WORMS*

BARCLAYS INTERNATIONAL GROUP — *BARING BROTHERS & CO., Limited* — *BAYERISCHE HYPOTHEKEN- UND WECHSEL-BANK Aktiengesellschaft*

BAYERISCHE LANDESBANK GIROZENTRALE — *BAYERISCHE VEREINSBANK Aktiengesellschaft* — *BERGEN BANK*

BERLINER HANDELS- UND FRANKFURTER BANK — *BURNS FRY Limited* — *CAISSE DES DEPOTS ET CONSIGNATIONS*

CAZENOVE & CO. — *CHASE MANHATTAN Limited* — *CHRISTIANIA BANK OG KREDITKASSE* — *CIBC LIMITED*

CITICORP INTERNATIONAL GROUP — *COMMERZBANK Aktiengesellschaft* — *CONTINENTAL ILLINOIS Limited* — *COPENHAGEN HANDELSBANK*

COUNTY BANK Limited — *CREDIT COMMERCIAL DE FRANCE* — *CREDIT INDUSTRIEL D'ALSACE ET DE LORRAINE*

CREDIT INDUSTRIEL ET COMMERCIAL — *CREDIT LYONNAIS* — *CREDIT SUISSE FIRST BOSTON Limited*

CREDITANSTALT-BANKVEREIN — *DAIWA EUROPE N.V.* — *DELBRÜCK & CO.* — *DEN DANSKE BANK af 1871 Aktieselskab*

DEN NORSKE CREDITBANK — *DEUTSCHE BANK Aktiengesellschaft* — *DEUTSCHE GIROZENTRALE —DEUTSCHE KOMMUNALBANK—*

DG BANK DEUTSCHE GENOSSENSCHAFTSBANK — *DRESDNER BANK Aktiengesellschaft* — *DREXEL BURNHAM LAMBERT Incorporated* — *EUROMOBILIARE S.p.A.*

EUROPEAN BANKING COMPANY Limited — *FIRST CHICAGO Limited* — *ROBERT FLEMING & CO. Limited* — *FUJI INTERNATIONAL FINANCE Limited*

GOLDMAN SACHS INTERNATIONAL CORP. — *GREENSHIELDS Incorporated* — *GROUPEMENT DES BANQUIERS PRIVES GENEVOIS*

HAMBROS BANK Limited — *HILL SAMUEL & CO. Limited* — *JARDINE FLEMING & COMPANY Limited*

KANSALLIS-OSAKE-PANKKI — *KIDDER, PEABODY INTERNATIONAL Limited* — *KREDIETBANK N.V.*

KUHN LOEB LEHMAN BROTHERS International — *KUWAIT FOREIGN TRADING CONTRACTING & INVESTMENT CO. (S.A.K.)*

KUWAIT INTERNATIONAL INVESTMENT CO. s.a.k. — *KUWAIT INVESTMENT COMPANY (S.A.K.)*

LAZARD BROTHERS & CO., Limited — *LEVESQUE, BEAUBIEN INC.* — *LLOYDS BANK INTERNATIONAL Limited*

MANUFACTURERS HANOVER Limited — *McLEOD YOUNG WEIR INTERNATIONAL Limited* — *MERRILL LYNCH INTERNATIONAL & CO.*

MITSUBISHI BANK (EUROPE) S.A. — *SAMUEL MONTAGU & CO. Limited* — *MORGAN GRENFELL & CO. Limited*

MORGAN GUARANTY LTD — *NATIONAL BANK OF ABU DHABI* — *NESBITT, THOMSON Limited*

THE NIKKO SECURITIES CO., (EUROPE) LTD. — *NOMURA EUROPE N.V.* — *SAL. OPPENHEIM JR. & CIE.*

ORION BANK Limited — *PIERSON, HELDRING & PIERSON N.V.* — *PITFIELD, MACKAY, ROSS Limited* — *PKBANKEN*

POSTIPANKKI — *PRIVATBANKEN Aktieselskab* — *ROTHSCHILD BANK AG* — *N. M. ROTHSCHILD & SONS Limited*

THE ROYAL BANK OF CANADA (LONDON) Limited — *SALOMON BROTHERS INTERNATIONAL* — *A. SARASIN ET CIE*

J. HENRY SCHRODER WAGG & CO. Limited — *SCHRODERS AND CHARTERED Limited* — *SKANDINAVISKA ENSKILDA BANKEN*

SOCIETE GENERALE — *STANDARD CHARTERED MERCHANT BANK Limited* — *STRAUSS, TURNBULL & CO.*

SUMITOMO FINANCE INTERNATIONAL — *SVENSKA HANDELSBANKEN* — *UNITED OVERSEAS BANK*

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WARDLEY Limited — *WESTDEUTSCHE LANDESBANK GIROZENTRALE* — *WOOD GUNDY Limited* — *YAMAICHI INTERNATIONAL (EUROPE) Limited*

June 26, 1980

Over-the-Counter

NEW YORK (AP)-Weekly Over the Counter stocks giving the high, low, and last bid prices for the week with the net change from the previous week's last bid prices. All quotations supplied by the National Association of Securities Dealers, Inc., are not actual transactions but are representative interdealer prices at which these securities could have been sold. Prices do not include retail markup, markdown or commission.

Sales supplied by NASD.

	Sales in 100s	High	Low	Last	Net Ch'ge
AELInd t	373	7¾	7⅝	7½	— ½
AEST	192	4	3⅞	3⅞	— ¼
AcadIns	335	4 9-16	4½	4½	
Accelrtn	275	4⅝	4½	4⅝	+ ¼
Accuray	1070	8⅝	7½	8½	+1
AcmeEl .24b	20	6¼	6¼	6¼	
AcmeGn .40	x30	8⅝	8½	8½	— ¼
AdacLb	1298	9¾	8¼	8½	—1¼
AddisnW .50	675	7¾	7½	7¾	
AdvRoss	156	5⅝	5	5	
AdvPatnt	1685	5⅝	5⅜	5⅝	+ ¼
Advent	590	1⅞	1⅝	1⅞	+ ⅜
AeroSys	1820	3¼	2⅝	3⅛	+ ¼
Aeroflex t	14	5⅝	5½	5⅝	+ ¼
Aeroson s	239	8⅝	8⅛	8⅝	
AffilBsh 1.40	52	25¾	25⅝	25¾	+ ¼
AgMet	507	9⅛	8½	9	+ ½
Agnico u.15e	1010	12⅞	12	12⅝	+ ⅜
AirFla	2168	10⅝	10⅛	10⅜	— ⅛
AirFla pf2.40	529	25⅛	24⅜	24⅞	—1¼
AirIflt	668	9-16	½	½	
AlaBnco 1.32	119	21¾	21⅝	21⅝	
AlaTGs 2.40b	24	40	39½	39½	+ ½
AlmoSA 1	x2	13	13	13	
AlexAlex 1.64	1341	33⅝	32⅝	33⅜	+1
AlexBld 1.60	362	32⅜	31⅝	31⅝	+ ⅛
Allcolnc .25e	3	28	28	28	
AllAmB	72	⅜	¾	¾	
AllegBev .40	438	5¼	4⅝	5¼	+ ⅜
AlldBn s1.20	128	35⅝	34⅝	35	+ ⅛
AlldTel .88b	94	15⅝	15⅝	15⅝	+ ⅛
AllynB	53	11½	11	11	— ¼
AlphaSel	1742	9-32	¼	9-32	
Alphtyp .37e	15	8⅝	8½	8½	— ¼
Altex	2154	6⅝	6	6¼	+ ¼
AltenBx .40e	26	20⅝	20⅝	20⅝	
Amrco s	758	3½	3¼	3¼	— ¼
Amarex s	2750	38¼	31	35½	+4½
AmbsdGp .20	x84	15	14⅞	15	+ ⅛
AmberR	1054	2 5-16	2⅛	2¼	—1-16
Amcole	358	15-16	13-16	13-16	—1-16
AAgrF s	31	6⅝	5½	5½	— ⅜
AmBcshr	45	5¼	5⅛	5⅛	— ⅛
ABkTPa 1b	101	15	14¾	14¾	— ¼
ABkrFla .44	238	7⅛	7⅛	7⅛	
ABkLfFl .48b	304	9½	9⅝	9⅝	
ACryBk .34	37	7⅛	7	7⅛	
AEquity 1.70e	175	15⅞	14⅞	15⅞	+ ⅞
AFlitron t	43	12⅝	12½	12⅝	+ ⅛
AFinCp .84	176	34½	33⅝	33⅝	— ⅛
AFin wi	1	23	22⅝	22⅝	— ⅛
AFletchr 1.24	128	17½	17¼	17¼	— ¼
AFurn .20	109	4½	4	4	— ½
AGreet .52	781	12⅝	12⅛	12⅛	
AGrtyFn .20b	x330	9⅝	8⅝	9⅝	+ ⅝
AHomShd	83	2½	2½	2½	
AInLf s	x897	13⅛	13	13	— ¼
AIndmF 1.12	182	15⅝	15⅝	15⅝	+ ⅛
AIntGp .50	1881	68	65⅜	67½	+2¼
ALeis un	4681	2⅞	2¼	2⅞	+ ½
AMS	231	24½	24¼	24¼	
AMicros	4190	22⅛	19⅝	22⅛	+3¼
AMonitr	70	22¼	22¼	22¼	
ANatIns .60a	1478	16	15½	15½	— ½
AmNucl	681	12⅛	10¾	11¼	+ ⅛
APacInt	484	1⅞	1⅝	1 13-16	—1-16
AQuasar	1425	35	32¾	34¾	+2¼
AResMg	1892	49	46	46	—3¼
ASecCp 2.20	x180	31⅜	31	31¼	— ½
AUndrwt .50	67	9⅛	8⅞	9	+ ¼
AmVisn	175	1	⅞	1	
AWeldng 1	187	40	38½	39⅝	+1¼
Amrfrst 2.40	184	30⅜	29⅝	30½	+ ½
Amosko 2.48	4	46	46	46	
Amterr	8653	7-16	⅜	3 7-16	+1-16
Anacmp s.13	1581	16	14¼	14½	—1⅜
Anadite .10	261	8⅞	8	8	— ⅝
Analgic	1466	24½	20½	24	+3½
Anaren	125	6⅝	6⅝	6⅝	
AncoBsh 1.20	0	15⅝	15⅝	15⅝	
And 2008	707	13	9⅝	13	+3⅝
AndrsGr .20	152	13½	12¼	13⅛	— ¼
AnecoR g	210	4⅞	4¼	4⅝	— ⅜
AngSA .73e	1381	14	12½	14	+1⅜

	Sales in 100s	High	Low	Last	Net Ch'ge
AngAGd 5.48e	346	86½	78	86½	+6¾
AntoCp .40	122	9¼	9⅛	9⅛	
Antares	1538	1 13-16	1⅝	1⅝	—3-16
AnthmEl	109	10½	10	10¼	+ ¼
Apeco	267	11-16	9-16	⅝	+1-16
AppeeE .12	67	9¼	9	9¼	+ ¼
ApolloLa	323	5⅜	4⅝	5⅜	+ ⅜
ApllEng .40a	8	7	6⅞	7	+ ⅜
ApldMtl s	825	20⅛	19¼	20⅛	+ ½
ApldMd s	2733	13-16	⅝	13-16	+3-16
ApldSol un	85	9¼	9	9¼	+ ¼
Arapaho	222	9	8⅝	9	— ¼
ArdenGp	127	3⅜	3¼	3⅜	
ArgontE	1806	8⅝	6⅝	8⅛	+1⅜
ArizBk .80	273	16⅝	15⅞	16⅛	+ ⅜
ArtsWay	37	20½	20½	20½	
AsdCoia .92a	x86	24½	24	24	— ⅛
AssdHst .28	71	6¼	6¼	6¼	
AsdMod	1469	5⅝	5⅛	5⅝	+ ⅛
AtlGsLt 1.52	75	15⅝	15¼	15⅝	+ ⅛
AtlntAm .32b	x15	8⅝	8⅝	8⅝	— ⅛
AtlatBcp .88	107	12⅝	12½	12⅝	
AtlntOil	250	10	9⅝	9¾	+ ¼
AtlanRsh	449	12½	11¾	12	— ½
AllTele	0	26	26	26	
AtwdOcn	1377	39⅛	33½	38⅛	+5
AutoTrol	176	32⅝	32¼	32½	+ ¼
AutoMk .68	116	10½	8½	10½	+2
Autotrol .20	x150	6	5½	5⅞	— ¼
Avntk s	243	29⅛	28½	28½	— ¼
AztcMf s.32	734	23⅝	21⅝	23⅛	+1⅛
BBDO 3	299	35	34⅝	35	+ ⅛
BOPCp 1.40	x42	13⅛	13	13	— ½
BXDv g	282	7½	6⅞	7	+ ⅜
BairdCp t	123	8⅝	8⅝	8⅝	+ ⅛
BakerBr .24	101	7	6⅞	6⅞	+ ⅛
BakerFe 1.80a	37	56½	55½	56½	+1
BaldwLy .80	479	27½	26⅝	27⅛	— ⅛
BallyPkP	111	13⅝	13	13⅝	+ ⅜
BancOne 1.64b	194	27½	26½	27½	+1
Bncohio 1.40	209	16½	16⅛	16½	
BcpHaw .96	391	15	14⅝	14⅝	— ⅛
BncshNJ 1b	57	9½	9	9½	+ ½
BangHE 1.52	x19	12¾	12½	12½	
BkBidE 1.15	19	13⅝	13⅜	13⅜	— ⅛
BkCome h	44	5⅛	4⅝	5	— ⅛
BkDelw 2.48	37	23½	23	23½	
BkmRt 1.20e	311	17½	17¼	17½	— ¼
BkTrSC 1.20b	89	18	18	18	
Banta s.56	38	11¼	11¼	11¼	
BarbrGr .90	90	19⅝	18⅝	19½	+ ⅜
Barden 1.10	49	24½	23⅞	24½	+1
BarrisC .12	449	2⅜	2⅜	2⅜	
BartonB 1.75e	25	10⅛	9⅜	10⅛	+ ¼
BasicES	2979	10	7⅞	10	+2⅝
BasicRs g	10499	14⅛	10⅝	13⅝	+2⅝
BasetFr .80a	1331	17	16⅝	16⅝	
BayBks 2.80	237	34½	33⅛	34½	+1⅛
BayisMk .68a	33	13⅛	13⅛	13⅛	
BaylyCp .20	192	22½	21⅜	22½	+ ⅜
BayswRt	38	10⅛	10⅛	10⅛	
BearCrk .32	24	10⅛	10⅛	10⅛	
BeardOil .06	402	17½	16¼	17	+ ⅜
BeefBlsn	187	4⅛	4⅛	4⅛	
Beehvint	82	6½	6¼	6¼	
Bekins .12	864	12⅝	11⅝	11⅝	
BenitPtl	735	2⅜	2	2	— ⅛
BentlyL	523	17½	16⅛	16⅛	— ⅝
Berkley .24b	x97	15	13⅞	14	— ⅜
BetzLab 1.04	358	37⅝	37	37	
BevMat .48	727	12⅝	12⅛	12⅛	+ ½
BevHISL .38e	217	15⅛	15	15⅛	+ ⅛
BibbCo .60	24	11⅛	10½	10¾	+ ⅛
Billings	65	10	8	10	+2
Bio-Gas h	814	⅜	¼	⅜	
BioRsp wt	530	1⅝	1 1-16	1⅝	+5-16
BioRsp un	402	5½	3⅝	5¼	+1⅞
BlamdRf	264	20	18⅝	19½	+ ⅜
Blametr	120	1	¾	⅞	
Blosher .03	29	6¼	5⅝	6	+ ⅛
BirdSon 1.60	228	18⅛	17⅛	17⅝	— ⅛
Bitco s1.68	37	27½	27¼	27¼	— ⅛
BlkHllP 1.96	364	27⅛	25⅝	27⅛	+1½
BlackDr .90	56	13⅛	13½	13⅛	+ ⅛
BlackEn	1771	19	17½	19	+1⅛
BlueChip .24	41	22½	20⅝	22½	+2
BlufdSe 1.20	147	17	15½	15½	—1½
BlueOG s	488	26	23	25	—1½
Blyvoor 3.01e	x4264	16¼	15⅝	16⅛	—1⅜
BoatBs 2	99	23⅛	23	23	— ¼
BobEvn .52	418	22¼	21⅜	22⅛	+ ⅛
Bohemia .66b	178	19⅞	19⅝	19⅝	+ ⅜
Bolar s.08l	22	18½	18½	18½	
Bomaine	82	2¼	2⅛	2⅛	+ ⅛
Bonanza	1589	4⅝	4⅛	4½	
BootheF 1e	64	15½	15	15½	+ ¼
BsinDig s	254	14	11⅛	12⅛	—1⅜
BostonB 1.28a	32	25½	24⅛	25½	+1

Consolidated Trading Of NYSE Listings

Week Ended June 27, 1980

	Sales	High	Low	Last	Chge
Esmark	3,432,400	49⅝	38⅛	48⅝	+10
Sony Corp	2,856,900	10⅝	10⅛	10⅝	+¼
IBM	2,392,600	60⅝	57⅝	59⅝	+1⅝
Texaco Inc	2,302,600	38⅝	36	37⅝	+1⅛
Mobil	2,049,600	75⅝	72⅝	73	+⅜
City Invest	1,898,300	28⅝	26½	27⅝	—⅜
StdOilInd s	1,460,800	62	54⅝	59⅝	+4⅝
Boeing s	1,406,700	37⅝	35⅝	36⅝	+⅜
SouthldRoy	1,324,500	54⅝	48⅝	52⅝	+5⅝
SearsRoeb	1,294,400	17⅝	16⅝	17⅝	+⅛
CoastalCp	1,292,300	29⅝	24½	28⅝	+3⅝
Exxon	1,273,800	69⅝	68⅛	68⅝	+⅜
Gulf Oil	1,262,700	43⅝	41	42⅝	+⅜
Dart Ind	1,192,300	44⅝	42⅛	43	+⅜
AmerT&T	1,146,900	54	52⅝	54⅝	+⅜
Becquet B	1,141,100	13⅝	11⅝	13⅝	+1⅛
NatSemi s	1,126,100	24⅝	21⅝	24	+1⅝
ValeroEnr n	1,111,500	22⅝	19⅝	22⅛	+2⅝
FordMot	1,090,800	25⅛	23⅝	24⅝	+⅜
Gen Motors	1,050,900	48½	46⅝	47⅛	—⅛

Issues Traded in: 2122

Advances: 1341 ; declines: 647 ; unchanged: 234

New highs: 141 ; new lows: 14

Volume

This week	196,630,000 shares
Last Week	194,950,000 shares
1979 same week	175,890,000 shares
1980 to date	3,330,153,482 shares
1979 to date	3,430,340,000 shares
1978 to date	3,303,250,000 shares

(Continued on Page 19)

Mutual Funds

Closing Prices June 27, 1980

NEW YORK (AP)—The following quotations, supplied by the National Association of Securities Dealers, Inc., are the prices at which these securities could have been sold (Net Asset Value) or bought (value plus sales charge) Friday.

COMPAGNIE FINANCIERE DE SUEZ

Annual General Meeting of June 2, 1980

At the Annual General Meeting of June 2, 1980, the shareholders approved the accounts for the 1979 year and voted the distribution of a dividend of Fr. 20 per share (against Fr. 18 last year), payable as from June 16, 1980.

In his address to the shareholders, Michel Caplain, Chairman of the Company, said in particular:

. . ."France has of course suffered the effects of the international situation which have prevented the solution of its fundamental problems of inflation and employment. On the national level, however, our economy includes several basically sound factors. I shall give three examples.

First of all, the general level of economic activity, which although unspectacular, is nevertheless fairly steady. Many sectors are indeed still suffering, others appear to be threatened and there are serious fears that under the effect of the worsening of international economic conditions the level of activity may decline in the second half of the year.

Many sectors, however, are maintaining a good level of activity and the realisation of pessimistic forecasts seems in fact to be postponed from quarter to quarter.

Secondly, the balance of our external payments remains fairly satisfactory. Although with the new oil shock our trade balance is now clearly in deficit, the level of our exports continues to progress and because of the expansion of our servicing activities, the balance of payments on current account, in surplus last year, is at present only very slightly in deficit compared with that of many of our foreign partners, notably Germany.

Lastly, we are witnessing an undeniable improvement in the financial soundness of companies. This is due on the one hand to price freedom which companies have not abused but which has enabled the better performers among them to benefit from their efforts; on the other hand, to a very large rise in productivity in France—much larger at present than in Germany—the benefits from which, and this is a new factor, are not wholly distributed as dividends, alone or with other funds, but partly retained by companies to reinforce their structures . . ."

The Chairman added that the net consolidated profit was Fr. 588 million against 433 in 1978, i. e. an increase of 36 per cent, taking into account the inclusion of Groupe Victoire in the consolidated balance sheet; on comparable structure, the profit would have increased by 27 per cent.

. . ."These figures are satisfactory and indicate that your Company's profits for the financial year 1980, which are largely composed of the dividends of our principal subsidiaries, should show further improvement . . .

. . . This will enable us to continue to follow the policy of progressively increasing—at least to keep pace with price increases—our own dividend, which I mentioned in my letter of March 1980. In fact it seems very desirable to me that the purchasing power of our shareholders should at least be maintained. This is not an easy object to achieve in these troubled times, but I think you will be pleased to know that today and at least in the near future we should be able to do so.

It seems to me that this will have an important effect on the performance of our share on the Bourse. When the public becomes aware of the fact that we are in a position to apply the policy I have just outlined it should cease to expect a yield on our share nearer to that of a bond, which is subject to monetary depreciation, than of a share, which protects the investor against inflation. Thus we shall perhaps see the disappearance in large measure of the discount of over 50 per cent on net asset value to which our share is subject at present . . ."

The English translation of the Annual Report and Accounts will be available as from July 20, 1980, at the Head Office of the Company: 1, rue d'Astorg - 75008 Paris.

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New Issues — All these bonds having been sold, this announcement appears as a matter of record only. — June 1980

REPUBLIC OF AUSTRIA

DM 50,000,000
8¼% BONDS DUE 1986

DM 50,000,000
8¼% BONDS DUE 1988

DM 50,000,000
8¼% BONDS DUE 1990

–PRIVATE PLACEMENT–

BAYERISCHE HYPOTHEKEN- UND WECHSEL-BANK AKTIENGESELLSCHAFT

WE ARE PLEASED TO ANNOUNCE THAT

LAWRENCE W.A. VANLINT

Vice President
Manager fixed income and floating rate note securities

HAS JOINED

Kidder, Peabody
SECURITIES LIMITED
99 Bishopsgate, London EC2
Tel: 01-638 6272

هكذا من الأصل

هكذا من الأصل

Over-the-Counter

(Continued From Page 18)

Sales in 100s	High	Low	Last	Net Ch'ge
[illegible]				

	Sales in 100s	High	Low	Last	Net Ch'ge
TreyGld s	913	7¼	5¾	6⅞	+ ⅛
TrusJoIe .30	259	17¼	16¼	16¾	— ½
TrBkGa 1.80	35	30¾	30¾	30¾	+ ¾
TuckDrl	2944	15½	14	15	+ ¼
TwinCty .80b	93	13¾	12¾	12¾	— ¾
TysonFd .14	160	10½	10	10	— ¾
UACablv .25	87	50½	50	50½	+ ½
USPRI .30e	57	8½	8¼	8¼	— ¼
UTCGp	141	15	14	15	+1
UTLCp	329	5¼	4¾	4¾	— ¾
Unicapft .12	595	13¾	12½	13¼	+ ¾
UniRinc	294	6¾	6¼	6¾	+ ½
Unimed	102	18¾	17½	18¼	+1¼
UnMrtl .12e	51	12¼	12½	12¼	+ ¼
UNBkPlt 1.28	28	24	23½	24	+ ½
UnPlntrs .40	86	10	9⅞	10	
UnSelCp 1.20	26	16¼	16¼	16¼	
UnTrBcp 1.50	47	14	13½	14	+ ½
Unishe	1099	3¼	2 15-16	2 15-16	— ⅛
UnitIDE	473	30½	29¾	29¾	
UAThtrs .48	32	42	40½	40½	—1½
UnBaAz s1.08	x27	19½	19	19½	+ ½
UBkNY 1.80	68	19½	19¼	19½	
UBkCol 1.48	187	29¾	28¾	29¾	+1
UnCbITv .20t	204	32½	31	31	—1
UCarBsh 1	53	13¾	13¾	13¾	
UFirCos .90	7	27½	27	27	— ½
UnHearn g	315	10½	9½	10½	+1½
UIntRsh .02e	90	11¾	10½	10½	—1¼
UtdRs un	12	24½	21½	21½	—3
UnMcGil .25	24	12½	12¼	12¼	— ¼
UnMoBn 1b	3	20	19¾	20	
UPetrach	1257	2	1⅞	2	+ ⅛
UPresLf 1	70	9½	9	9½	+ ¼
UnSvcLf .96	474	15¾	14¼	15¾	+1¼
USBcp 1b	1844	25	24¾	24¾	
USEnr	224	16	15	15¼	— ¾
USSugr 3	42	82½	82	82	
USSurg	915	32½	31¼	32½	+1
USTrck 1.20a	278	14⅝	13½	14¼	+ ¾

	Sales in 100s	High	Low	Last	Net Ch'ge
USTrst 1.90	547	26	22¾	25½	+3
UVaBsh 1.60	168	28	27¾	28	
UnivPat	701	14	12¾	13	— ¼
UnivRE 1.14e	x32	10¼	10¼	10¼	
VaalRe 5.27e	1318	66¼	58¾	66¼	+6¾
VallAsc	52	10¼	10½	10½	
Vallen	42	13¼	13	13¼	
ValBkAr 1.40	1484	34½	33½	33¾	+1
ValyLab	319	15	14¾	14¾	— ¼
Valmnt .80	x63	12½	11½	12½	+1
ValtecCp	4203	28½	24¾	28½	+3¾
Valtekin	63	8½	8¼	8¼	
VanDusn .40	132	12	11¾	12	+ ¼
VanDyk	37	6	6	6	
VanShak .40	22	8¼	8⅛	8⅛	— ⅛
VandrEn t	1399	11¾	10	11	— ½
Vrcolnt s	868	24¾	23¾	24½	+ ½
Varlen .40	27	11¾	11¾	11¾	
Valcro s.70	108	8½	8½	8½	
Verbatm	228	14½	13¾	13¾	— ½
VermtRs	100	16¼	15½	15¾	
VictraSt	762	8⅝	8¼	8¼	— ⅛
VideoCp	586	8⅞	7	8¼	+1¼
VaIntSp	190	28	26½	26¾	+ ¼
VaNBsh 1.04	219	13¾	13½	13¾	+ ⅛
VisaExp	250	2 5-16	2¼	2¼	—1-16
VisulScl	256	6¾	6½	6¾	
Vitram .70r	35	11½	11¼	11¼	— ¼
Voltinfo	216	23¼	22½	22½	+1
VInICap	153	6¾	6½	6¾	
VulcPk p.14	71	14½	14	14	
Vyquest	154	4¼	4	4¼	+ ⅛
WD40 Co1.60	144	31¼	30	30½	+ ½
Wabash .10e	92	5	4¾	5	+ ¼
WarnEB 1.30	11	20½	20½	20½	
WshEnr 7.44	542	15¼	15⅛	15¼	+ ⅛
WashScl .07e	424	6⅛	5⅞	6	+ ⅛
WausPp s.24	150	13½	13½	13½	
Waveth	63	12½	12½	12½	
Weisfld .57e	8	13½	13¼	13½	+ ¼

	Sales in 100s	High	Low	Last	Net Ch'ge
WelkG 2.08e	1579	16¾	14⅝	16¾	+2⅛
Wendys .40	3586	16¼	15⅝	15⅞	+ ⅛
Wesser .10	49	8½	8⅜	8½	
WstDref 12.25e	x1435	78¼	74	78¼	—7½
WestCo .44	156	14	13⅝	14	+ ⅜
WstctPl g	567	21¾	21½	21¾	
WnCosS 1.08	66	38¼	37¾	38	+ ⅛
WDeep 1.30e	1588	50	43	50	+6
WnDigtl	2013	4¾	3¾	4¾	+ ½
WnGear .40	723	22	20¾	22	+1⅛
WHold 11.14e	1344	71¾	60½	71¼	+10⅛
WMarEl .15r	126	12⅝	12	12½	+ ⅛
WnMtg .20e	2	3¼	3⅛	3¼	
WnOilSh	734	8¾	7⅛	8½	+1¼
WstnPld	106	3¼	3⅛	3¼	
WmorC	518	28¾	26¾	27¾	+1
Westpl	86	4	4	4	
Wshwind	6688	3-32	3-32	3-32	
Wettrou .70b	402	12¼	12⅛	12⅛	— ⅛
WienAir	29	4⅝	4⅝	4⅝	— ⅛
WileyJh 1.52	33	25½	25½	25½	
Willamt 1.40	541	34	32¾	34	+1¾
WlmoT 2.80	56	26½	26	26	— ½
WlsnHJ .20b	x196	15½	13⅞	14⅛	— ¼
WiscCig 1.12	57	31	29½	30½	+1
WiscRE .10e	781	4¾	4⅝	4¾	+ ⅛
WiserO s2	220	79½	66	67	—11½
Wolohn .32	191	6	5⅝	5⅝	— ⅛
WoodDn .50	170	11¼	10¾	11¼	+ ¼
WoodLot 1.70	65	23¼	22¾	23¼	+ ½
WorcBcp .60	80	11¼	10¾	11¼	+ ¼
Worthin .48	749	18	16½	18	+1¼
WrtghtW .26	38	3⅝	3⅛	3⅛	
WrtrCp .50e	9	20½	20	20½	+ ½
WutfOl	1101	1 3-16	1⅛	1 3-16	+1-16
WymnG 1	137	33	32	32½	+ ½
XRG	42	3⅞	3⅞	3⅞	
Xcorint	110	7¾	7	7¾	
Xidex s	122	18¾	18¼	18¼	— ¼
Xomox .40a	x101	30½	29¾	30¼	+ ¾
XplorEn	1724	1	15-16	1	
YlowFrt .76	474	17	17	17	
YuboGdA	167	9½	8½	9	+ ½
ZenNat .50	261	15⅝	15	15½	+ ½
ZionUts 1	x77	24¾	24¼	24¼	— ½
Zondvn .28	524	7⅝	6¾	7⅝	+1⅛

American Exchange Options

For the Week Ending June 27, 1980

Option & price					Close
[illegible]					

Total 91,145 volume

Open interest 1,650,259

a—Not traded. b—None offered. p—Put.

Saturday Baseball: Tigers Extend Streak

TORONTO, June 29 (UPI) — Lou Whitaker drove in three runs and Al Cowens hit a bases-empty home run here yesterday to pace Detroit to its ninth straight victory, an 8-3 decision over the Blue Jays.

With two out in the sixth and the Tigers trailing, 1-0, Tom Brookens doubled and Stan Papi drew a walk, setting the stage for Whitaker, whose triple knocked in two runs and chased Jack Kucek (1-1). Rick Peters then singled off reliever Jerry Garvin to put the Tigers in front, 3-1.

In the seventh, Cowens hit a 1-2 pitch from Garvin into the left-field bleachers for his second homer of the season. Detroit added two runs in the eighth, on a bases-loaded walk and a sacrifice fly, and two more in the ninth on an error and a double by Whitaker.

White Sox 3, A's 0

In Oakland, Calif., Rich Wortham and Ed Farmer combined on a four-hitter as Chicago defeated the A's, 3-0.

Rangers 11, Twins 3

In Arlington, Texas, Steve Comer, pitching for the first time in five weeks, threw five innings of two-hit ball and the Rangers had 18 hits in defeating Minnesota, 11-3.

Yankees 11, Indians 10

In New York, Rick Cerone's bases-loaded ninth-inning single down the right-field line drove in two runs to lift the Yankees past Cleveland, 11-10.

Orioles 8, Red Sox 4

In Boston, Dan Graham hit a three-run homer in the fourth and Baltimore added five runs in the seventh for an 8-4 victory over the Red Sox.

Royals 4, Mariners 2

In Seattle, Larry Gura pitched a four-hitter for his 10th victory of the season and U.L. Washington and John Wathan had two-run triples in a four-run fifth to lead Kansas City to a 4-2 triumph over the Mariners.

Brewers 11, Angels 5

In Anaheim, Calif., Gorman Thomas drove in four runs with a homer, a single and a sacrifice fly to power Milwaukee to an 11-5 victory over the Angels.

Cards 8, Cubs 6

Cubs 2, Cards 1

In the National League, in Chicago, St. Louis' 19-hit attack downed the Cubs, 8-6, in the first game of a doubleheader, but Chicago took the nightcap, 2-1, on Mike Krukow's three-hitter and Cliff Johnson's tie-breaking single in the sixth. The Cards' Keith Hernandez, who leads the league in hitting, and Cub first baseman Bill Buckner had to leave the second game after a first-inning collision. Both suffered facial lacerations and Hernandez bruised his right knee.

Giants 4, Dodgers 3

In San Francisco, Terry Whitfield's RBI single in the 11th gave the Giants a 4-3 victory over Los Angeles. Rich Murray walked with two out against Rick Stucliffe (2-5); he went to second on Johnnie LeMaster's single and scored on Whitfield's hit.

Pirates 4, Expos 3

In Montreal, Dave Parker drove in three runs with a homer and a single to back a seven-hitter by Jim Bibby and three relievers as Pittsburgh beat the Expos, 4-3.

Braves 5, Padres 4

Padres 3, Braves 2

In San Diego, Jerry Mumphrey scored from third on a fielder's choice with one out in the ninth to give the Padres a 3-2 victory over Atlanta and a split of a doubleheader. In the opener, Bill Nahorodny hit a two-run homer in the ninth to give Atlanta a 5-4 victory.

Mets 2, Phillies 1

Mets 5, Phillies 4

In Philadelphia, Steve Henderson singled to right to snap a 4-4 tie in the ninth and give New York a 5-4 victory over the Phillies and a doubleheader sweep. In the opener, a double by John Stearns scored Joel Youngblood from first in the 11th to give the Mets a 2-1 victory.

Reds 8, Astros 5

In Houston, Johnny Bench hit a three-run double and Dave Concepcion added a two-run triple to lead Cincinnati to an 8-5 victory over the Astros. Rookie Joe Price gained his first major-league victory with relief help from Tom Hume.

Vigneron Equals His Pole-Vault Record

LILLE, France, June 29 (AP) — Thierry Vigneron, France's leading contender for a gold medal at the Olympic Games in Moscow next month, today equaled his world pole vault record of 18 feet, 10½ inches.

Competing in the French National Track and Field Championships here, Vigneron equaled the record on his first attempt but was unable to surpass it.

The 20-year-old is doing his military service in a special army unit for sportsmen.

On June 1, competing in a track meet in the Paris suburb of Colombes, Vigneron broke the record of 18-9¼ set less than a month earlier by Wladislaw Kozakiewicz of Poland during a meet in Milan.

Upset in U.S. Meet

EUGENE, Ore., June 29 (UPI) — Tom Hintnaus scored a major upset when he won the pole vault at 18-4 ½ and Peter Schmock, like Hintnaus, a University of Oregon graduate, won the shotput at 68-4 Friday night to highlight the U.S. Olympic Track and Field Trials.

A near-capacity crowd of almost 19,000 gave Hintnaus and Schmock a standing ovation for their impressive victories as controversial Steve Smith and Brian Oldfield both finished fourth, in the pole vault and shotput, respectively.

Hintnaus, who has a dual citizenship — American and Brazilian, made three attempts at a world record of 18-11 and the closest he came was on his third attempt.

Dan Ripley and Mike Tully, who had been expected to fight it out for the pole victory, wound up tied for second at 18-2 ½ while Smith, who needed a court order to compete in the trials, also cleared 18-2 ½ but finished fourth.

Oldfield, like Smith a former pro who went to court to gain a starting berth here, seemed jittery after first predicting he had a chance for a world mark.

Oldfield, 35, who was on America's 1972 Olympic team, never even came close to his average of 71 feet this season, finishing behind Schmock, Al Feuerbach, who did 68-3 ¾, and Colin Anderson, who did 68¼. Oldfield's best was 67-4 ¼.

Conner Leading U.S. Yacht Trial

NEWPORT, R.I., June 29 (UPI) — Dennis Conner, ending the America's Cup preliminaries Friday with the best record among the three U.S. contenders, credited a "few breaks" for his 11-1 performance in his 12-Meter yacht Freedom.

"We've had a few breaks and I think that's been the difference," said Conner after winning another two races against Ted Turner's two-time Cup winner Courageous.

Asked to be more specific, Conner said, "I think our starts have been better."

He would not accept a suggestion, though, that the year-old Freedom was able to sail closer to the wind than the seven-year-old Courageous and thus cover more ground when climbing upwind.

The preliminary trials are not critical for the New York Yacht Club's selection of a Cup defender. Another set of trials will be held in July and the final trials are in August.

New Leader of Tour

LIEGE, Belgium, June 29 (AP) — Henk Lubberding today won the third leg of the Tour de France bicycle race, a 258-kilometer run from Metz, France. Rudy Pevenage took over the yellow jersey as the overall leader in the 22-day, 3,895-kilometer Tour.

Transactions

BASEBALL

National League

CHICAGO CUBS—Reactivated Dave Kingman, outfielder, from the disabled list. Optioned Jesus Figueroa, outfielder, to Wichita of the American Association.

ST. LOUIS CARDINALS—Recalled John Urrea, pitcher, and Keith Smith, outfielder, from Springfield of the American Association. Sent George Frazier, pitcher, and Tom Herr, infielder, to Springfield.

FOOTBALL

National Football League

NEW YORK GIANTS—Signed Scott Brunner, quarterback, and Chris Linnin, defensive back.

HOCKEY

National Hockey League

MONTREAL CANADIENS—Traded the rights to Tim Burke, defenseman, to the Calgary Flames for Dave Gorman, right wing.

Friday and Saturday Line Scores

Friday's Games

NATIONAL LEAGUE

Los Angeles 101 050 100—8 17 1
San Francisco 000 000 000—0 0 0
Reuss and Yeager; Blue, Griffin (5), Lavelle (7) and Sadek. W—Reuss, 9-1. L—Blue, 9-5. HRs—Los Angeles, Garvey (16), Baker (17).

St.Louis 100 000 010 001—3 12 0
Chicago 000 010 010 000—2 6 0
Vuckovich, Littlefield (11), Seaman (11) and Simmons; Capilla, Tidrow (6), Sutter (9), W.Hernandez (12), Caudill (12) and Blackwell. W—Seaman, 2-0. L—W.Hernandez, 1-7. HR—St.Louis, Bonds (4).

Pittsburgh 011 004 000—6 8 1
Montreal 200 110 000—4 10 1
Blyleven, Scurry (5), Romo (5), D.Robinson (6) and Ott, Nicoscia (1); Rogers, Fryman (7) and Carter. W— Romo, 4-3. L—Rogers, 9-6. HR—Montreal, Office (2).

New York 000 003 000—3 10 1
Philadelphia 000 000 200—2 5 0
Pacella, Hausman (7) and Trevino; Carlton, LaGrow (8) and Boone. W—Pacella, 1-8. L—Carlton, 13-3. HRs—New York, Mazzilli (2). Philadelphia, Boone (5).

Cincinnati 400 000 000—4 13 0
Houston 200 000 12x—5 8 0
Pastore, Hume (8) and Bench; J.Niekro, Sambito (9) and Ashby. W— J.Niekro, 8-6. L—Pastore, 9-4.

Atlanta 010 000 040—5 13 0
San Diego 001 000 020—3 8 2
D.Alexander, Camp (7), Bradford (8), Garber (9) and Benedict; Curtis, Fingers (8), Shirley (9) and Tenace. W—Camp, 2-2. L—Curtis, 3-6. HR—San Diego, Tenace (5).

AMERICAN LEAGUE

Baltimore 200 000 000—2 7 0
Boston 000 021 00x—3 8 0
Flanagan and Dempsey; Rainey, Burgmeier (8) and Allenson. W—Rainey, 8-3. L—Flanagan, 7-4.

Minnesota 000 000 000—0 4 2
Texas 401 000 00x—5 9 0
Redfern, Arroyo (2), Kinnunen (5), Bacsik (8) and Wynegar; Perry and Sundberg. W—Perry, 4-6. L—Redfern, 6-6. HRs—Texas, Putnam (5), Oliver (8).

Cleveland 100 001 000—2 6 0
New York 000 000 000—0 7 0
Waits and Diaz, Hassey (9); R.May, Gossage (8) and Cerone. W—Waits, 6-6. L—R.May, 5-3.

Detroit 500 011 000—7 12 3
Toronto 020 000 000—2 8 1
Morris and Parrish; Jefferson, Barlow (1), B.Moore (6) and B.Davis. W—Morris, 9-6. L—Jefferson, 2-5. HR—Detroit, Parrish (10).

Chicago 100 000 000—1 4 1
Oakland 010 010 01x—3 4 0
Baumgarten, Hoffman (8), Proly (8) and Kimm, Foley (8); M.Norris and Heath. W—M.Norris, 9-5. L—Baumgarten, 1-5.

Milwaukee 030 001 010—5 8 1
California 000 200 022—4 14 0
Sorenson, Castro (8), McClure (9) and B.Martinez; Knapp, Montague (2), Clear (7) and Clburn, Donohue (9). W—Clear, 5-5. L—Castro, 0-3. HRs—Milwaukee, G.Thomas 2 (14), Oglivie 2 (20).

Kansas City 000 011 000—2 11 0
Seattle 000 000 001—1 4 0
Gale, Quisenberry (8) and Wathan; Honeycutt and L.Cox. W—Gale, 5-7. L— Honeycutt, 7-5. HRs—Kansas City, White, (4), Aikens (9). Seattle, Anderson (5).

Saturday's Games

AMERICAN LEAGUE

Detroit 000 003 122—8 11 1
Toronto 010 000 020—3 8 2
Rozema, Schatzder (8), Lopez (9) Wockenfuss; Kucek, Garvin (6), J.McLaughlin (8) and B.Davis. W—Rozema, 4-4. L—Kucek, 1-1. HRs—Detroit, Cowens (2), Toronto, D.Garcia (3).

Baltimore 000 300 500—8 15 0
Boston 000 000 211—4 11 0
McGregor, Stoddard (8) and Graham; Torrez, Remmerswaal (7), Tudor (7), Campbell (9). W—McGregor, 8-3. L—Torrez, 4-7. HRs—Baltimore, Graham (4), Boston, Dwyer (6).

Chicago 011 000 001—3 8 2
Oakland 000 000 000—0 4 1
Wortham, Farmer (8) and Foley; Keough and Newman. W—Wortham, 4-3. L—Keough, 8-8. HR—Chicago, L.Johnson (10).

Minnesota 000 011 100— 3 5 1
Texas 113 010 14x—11 18 1
Koosman, Verhoeven (3), Corbett (7) and Wynegar; Comer, Raisich (6), Darwin (7) and Sundberg. W—Comer, 2-3. L—Koosman, 6-7. HRs—Texas, Zisk (12), B.Bell 2 (7).

Cleveland 010 412 011—10 14 1
New York 201 012 032—11 11 3
Garland, Owchinko (6), Stanton (6), Monge (8), V.Cruz (8) and Diaz, Alexander (9); T.Underwood, R.Davis (4), Lollar (7), Gossage (8) and Cerone. W—Gossage, 3-0. L—V.Cruz, 4-4. HRs—Cleveland, Charboneau (11). New York, Murcer 2 (8), Spencer (6).

Kansas City 000 040 000—4 11 1
Seattle 000 000 002—2 4 3
Gura and Wathan; D.Roberts, B.McLaughlin (5), Heaverlo (9) and Hill. W—Gura, 10-3. L—D.Roberts, 1-2.

Milwaukee 130 302 002—11 12 0
California 002 010 020— 5 11 4
Caldwell, Flinn (8) and C.Moore; Halicki, A.Martinez (2), LaRoche (4), Hassler (8) and Clburn. W—Caldwell, 7-4. L—Halicki, 0-1. HRs—Milwaukee, Thomas (15), Lezcano (12). California, Lansford (8).

NATIONAL LEAGUE

First Game
St. Louis 000 210 104—8 19 2
Chicago 005 010 000—6 11 1
B.Forsch, Frazier (3), Kaat (4), R.Thomas (6), Littlefield (8) and Simmons; Reuschel, Caudill (6), Sutter (8) Tidrow (9) and Blackwell W—Littlefield, 3-1, L—Sutter, 3-4. HR—StL. Hendrick (16).

Second Game
St. Louis 100 000 000—1 3 1
Chicago 010 001 00x—2 8 3
Otten, Littlefield (8) and T.Kennedy; Krukow and Blackwell. W—Krukow, 6-8. L—Otten, 0-2.

Los Angeles 101 000 000 10—3 7 0
San Francisco 100 000 001 11—4 12 2
Goltz, S.Howe (8), Castillo (10), Sutcliffe (10) and Ferguson, Yeager (10); Montefusco, Minton (9), Holland (9), Griffin (11) and May. W—Griffin, 2-1. L—Sutcliffe, 2-2. HR—Los Angeles, R.Smith (13).

First Game
New York 000 010 000 01—2 11 1
Philadelphia 001 000 000 00—1 8 0
Burris, Allen (10) and Stearns; Ruthven, Reed (10) and Boone. W—Allen, 4-5. L—Reed, 6-2.

Second Game
New York 000 002 021—5 8 1
Philadelphia 000 120 100—4 10 3
Bomback, Falcone (5), Glynn (7), Hausman (8), Allen (9) and Hodges, Trevino (8); Larson, LaGrow (7), Reed (8), Saucier (8) and Moreland. W—Hausman, 3-2. L—Saucier, 3-2.

First Game
Atlanta 002 100 002—5 9 2
San Diego 012 000 100—4 11 0
Boggs, Camp (7), Bradford (8), Garber (9) and Nahorodny; Lucas, Shirley (8) and Tenace. W—Bradford, 2-4. L—Shirley, 5-4. HRs—Atlanta, Burroughs (5), Nahorodny (4).

Second Game
Atlanta 000 001 010—2 9 0
San Diego 010 001 001—3 8 1
P.Niekro, Hrabosky (7), Camp (9) and Benedict; Pocoroba (7); Blair, Kinney (8), D'Acquisto (8) and Fahey. W—D'Acquisto, 2-1. L—Camp, 2-3.

Pittsburgh 000 201 001—4 7 2
Montreal 010 000 101—3 8 1
Bibby, Tekulve (7), Jackson (8), Romo (9) and Ott; Lea, F.Norman (7), Bahnsen (7), Sosa (8), Fryman (9) and Carter. W—Bibby, 9-1. L—Lea, 2-2. HR— Pittsburgh, Parker (9).

Cincinnati 003 400 010—8 13 2
Houston 020 003 000—5 9 2
Price, Moskau (6), Hume (8) and Bench, Nolan (8); Richard, Niemann (4), Andujar (6), D.Smith (7) and Ashby. W—Price, 1-0. L—Richard, 9-4. HR—Houston, A.Howe (3).

Team Batting

NATIONAL LEAGUE

Club	ab	r	h	2b	3b	hr	rbi	avg
Pittsburgh	2385	294	642	106	15	60	276	.269
Los Angeles	2399	303	640	90	10	68	288	.267
Philadelphi	2212	308	585	120	28	55	285	.264
Cincinnati	2409	312	629	111	23	52	291	.261
Montreal	2272	286	586	102	22	50	268	.258
New York	2258	255	580	101	12	23	229	.257
Houston	2257	248	567	92	30	31	229	.251
St. Louis	2378	313	647	120	23	51	295	.272
Chicago	2269	257	588	111	13	52	249	.259
San Diego	2355	250	583	89	14	25	233	.248
Atlanta	2231	233	543	105	11	45	217	.243
San Francsc	2318	248	551	98	20	36	234	.238

AMERICAN LEAGUE

Club	ab	r	h	2b	3b	hr	rbi	avg
Boston	2436	344	680	122	17	82	326	.279
Kansas City	2477	339	684	123	23	49	324	.276
Cleveland	2280	295	629	85	13	42	278	.276
Texas	2408	317	654	111	7	47	297	.272
Detroit	2319	346	622	93	21	59	321	.268
Milwaukee	2473	379	663	129	11	95	357	.268
New York	2377	372	633	94	14	94	352	.266
California	2310	286	615	102	18	44	268	.266
Baltimore	2380	326	623	100	17	5x	304	.262
Oakland	2412	257	631	100	15	56	276	.262
Minnesota	2377	282	617	111	13	40	269	.260
Chicago	2371	266	612	128	18	44	247	.258
Seattle	2409	273	608	98	18	44	251	.252
Toronto	2289	262	564	108	22	53	248	.246

More Sports On Page 21

Chicago Exchange Options

For the Week Ending June 27, 1980

Option & price					Close
[illegible]					

Total 149,201 volume

Open interest 2,410,205

a—Not traded. b—None offered. p—Put.

These securities having been placed privately, this announcement appears as a matter of record only.

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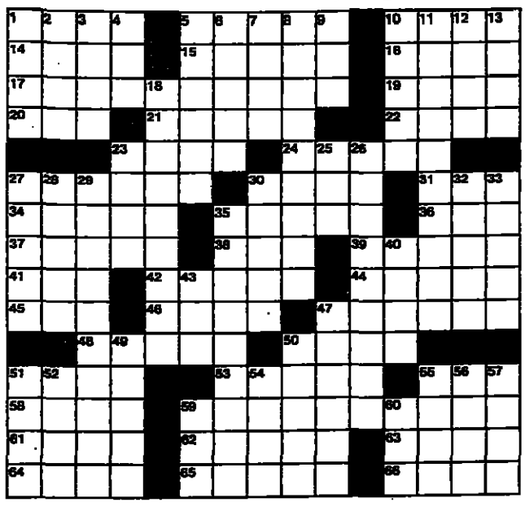
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CROSSWORD — By Eugene T. Maleska



ACROSS

1 Exchange fee
5 Hone
10 G.I. fare
14 Stack of wood
15 Ho's partner
16 Heavenly headgear
17 Middleman who recruits skilled personnel: Slang
19 Last word, on occasion
20 "H. M. Pulham, ——": Marquand
21 Do some bookkeeping
22 Foul air
23 Touches lovingly
24 Man of Manche
27 Garden pests
30 Baylor Bears' home
31 Smash and grab
34 Gladden
35 African tribe
36 Wallace's Ben
37 Do a comb job
38 —— of (free)
39 Greek letter
41 Wrap-up
42 Relatives of high-button shoes
44 Ancient
45 Parties, British style
46 Mix salad
47 Bernadotte, Hammarskjöld et al.
48 Dick and Schick
50 News story opener
51 Light collations
53 Moslem priests
55 Snoop
58 Fumbles
59 Radio receivers
61 Ceremony
62 Agave fiber
63 Sweeney Todd, for one
64 Military meal
65 Direct
66 Pitcher

DOWN

1 Feel steady pain
2 "As Maine —— . . ."
3 Baghdad is its capital
4 Like three or five
5 Turns onto a new track
6 Camp equipment
7 Evaluate
8 Certain tennis strokes
9 Capita companion
10 Abyss
11 Shark, sea fish, bat or bird
12 Spread this around at lunchtime
13 *Anna May* ——: 1907-61
18 Parts of barbers' chairs
23 Chart segments
25 When U.N. Day occurs
26 Medicine-cabinet item
27 Strutted and fretted
28 Word form with barbital
29 Advantages on tracks
30 Attends, with "on"
32 Bizarre
33 Donkey sounds
35 Having the most nerve
40 Gardened
43 Kitchen implement
47 "—— Paratus," U.S.C.G. motto
49 Curves
50 Soup spoon
51 Length of sentence
52 City NW of Johnstown
54 One of a perfect pair
55 Fuji's topper
56 Former Cosmos star
57 Belgian river
59 Towel word
60 Miner's matter

Solution to Friday's Puzzle

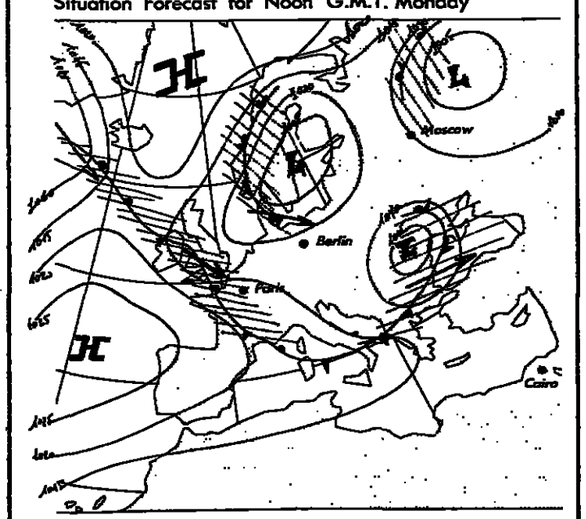
T	A	M	P			D	A	M	E		M	A	T	A
O	L	I	O		R	E	S	I	N		E	X	I	T
W	I	L	L		A	L	O	N	G		L	I	N	E
B	A	T	O	U	T	O	F	H	A	D	E	S		
			P	R	E	S			R	U	E			
S	P	O	O	N	S		H	A	D	E	S	M	A	N
M	O	I	N	S		S	A	V	E	S		O	R	E
I	D	L	Y		H	A	D	E	S		S	N	O	W
T	I	E		A	E	G	I	S		P	H	A	S	E
H	A	D	E	S	C	A	T		L	E	A	D	E	R
		P	C	T			T	O	R	N				
	T	O	H	A	D	E	S	W	I	T	H	I	T	
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A	I	R	Y		E	V	E	R	Y		E	T	O	N
D	E	E	M		S	A	S	S			S	E	R	E

WEATHER

	C	F			C	F	
ALGARVE	18	64	Fair	MADRID	30	86	Fair
AMSTERDAM	14	57	Fair	MIAMI	30	86	Fair
ANKARA	25	77	Fair	MILAN	23	73	Fair
ATHENS	27	81	Cloudy	MONTREAL	19	66	Fair
BEIRUT	24	75	Fair	MOSCOW	19	66	Overcast
BELGRADE	24	75	Overcast	MUNICH	12	54	Rain
BERLIN	13	55	Rain	NEW YORK	24	75	Cloudy
BRUSSELS	11	52	Stormy	NICE	22	72	Fair
BUCHAREST	24	75	Fair	OSLO	14	57	Rain
BUDAPEST	20	68	Showers	PARIS	17	63	Showers
CASABLANCA	23	73	Overcast	PRAGUE	16	61	Overcast
COPENHAGEN	13	55	Rain	ROME	23	73	Cloudy
COSTA DEL SOL	24	75	Fair	SOFIA	24	75	Fair
DUBLIN	16	61	Cloudy	STOCKHOLM	16	61	Overcast
EDINBURGH	18	64	Cloudy	TEHRAN	—	—	N.A.
FLORENCE	20	68	Foggy	TEL AVIV	33	91	Fair
FRANKFURT	15	59	Cloudy	TOKYO	19	66	Showers
GENEVA	14	57	Rain	TUNIS	27	81	Fair
HELSINKI	19	64	Cloudy	VIENNA	17	63	Rain
HOUSTON	28	82	Fair	WARSAW	17	63	Cloudy
ISTANBUL	26	79	Fair	WASHINGTON	35	95	Cloudy
LAS PALMAS	23	73	Cloudy	ZURICH	11	52	Showers
LISBON	24	75	Fair				
LONDON	17	63	Cloudy				
LOS ANGELES	30	86	Fair				

(Yesterday's readings U.S. and Canada at 1700 GMT; Houston and Las Angeles at 2000 GMT; all others at 1200 GMT.)

Situation Forecast for Noon G.M.T. Monday



Advice for Westerners in Moscow: When Nature Calls, Ask for 'Tualet'

MOSCOW, June 29 (AP) — One of the Soviet Union's biggest imports from the West does not figure in anyone's statistics or boycotts. The import is a flood of foreign words, mainly English, since World War II.

Thus in Russian a "sportsmen" can set a "rekord" or even win the "chempionat" if he wins his "match." A woman athlete, however, is simply a "sportsmennka."

An English speaking tourist often finds that a basic knowledge of the cyrillic script brings him a long way to finding his way around Moscow. He can ride a "taksi," eat at a "restoran" and relieve himself in a "tualet."

The import of Western words dates to the reign of the great Westernizing czar, Peter I, at the start of the 18th century. The primary sources then were Germany and France.

PEANUTS

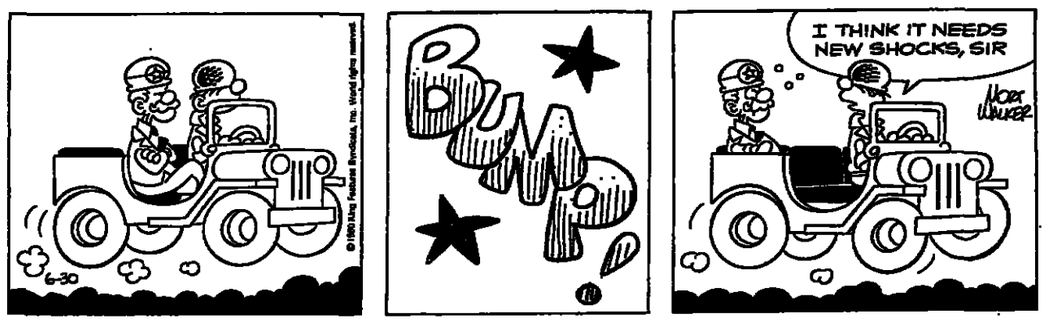


B.C.

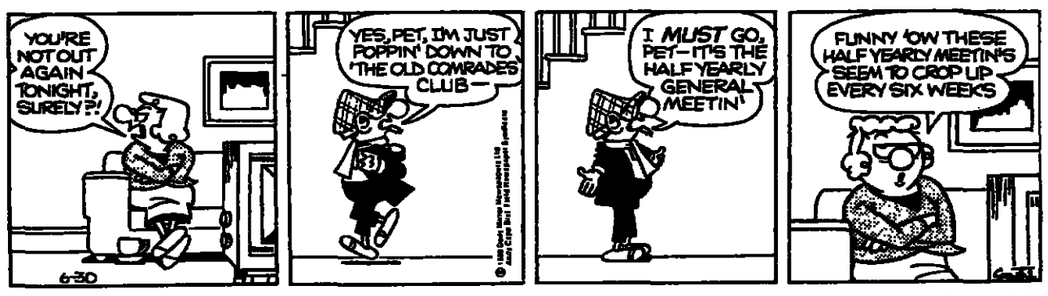
BLONDIE



BEETLE BAILEY



ANDY CAPP



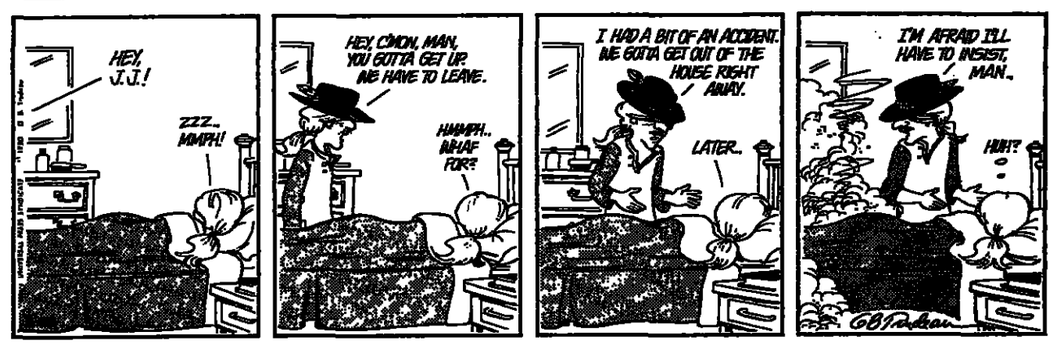
WIZARD of ID



REX MORGAN



DOONESBURY



JUMBLE. THAT SCRAMBLED WORD GAME

by Henri Arnold and Bob Lee

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

NEEMY

ROVLE

DEBALF

DWEAMO



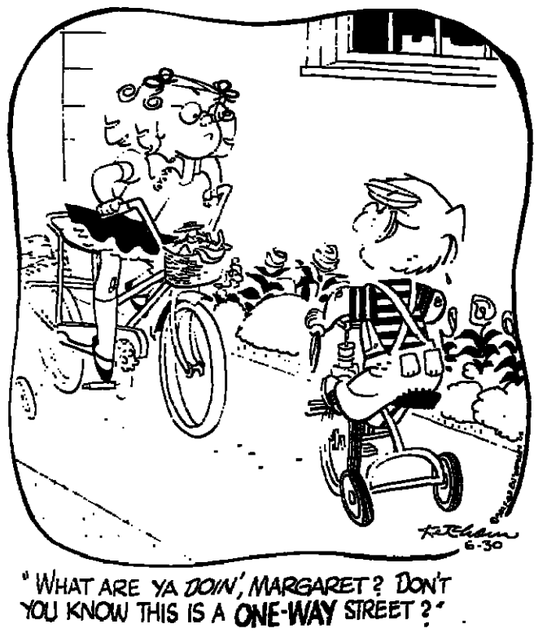
Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Print answer here: ( ) " ( ) "

(Answers tomorrow)

Saturday's Jumbles: TONIC SURLY KITTEN FILLET
Answer: Simple Simon sprayed the clock because he said it was this—FULL OF "TICKS"

DENNIS THE MENACE



Imprimé par P.I.O. - 1, Boulevard Ney 75018 Paris

BOOKS

THE DIARY OF ANAIS NIN

Volume Seven, 1966-1974

Edited with a preface by Gunther Stuhlmann.

Harcourt Brace Jovanovich. 365 pp. $14.95.

Reviewed by Adrianne Blue

THERE were six of us at dinner that New Year's Day 10 years ago in Greenwich Village. Among us were the novelist Marguerite Young, whose gargantuan "Miss MacIntosh, My Darling" Anais Nin referred to as the American "Ulysses"; Nin's husband, the financial consultant who had insisted on being omitted from the diaries; the young professor from Montana who often appears in this volume of the diary, as confidante, acolyte, earnest apologist in academe — superseding the bawdy, chauvinist mentor of volume one of the diary, Henry Miller. Our hostess was Anais Nin.

Nin was already a cult figure: the valentine of the diary. A few years later when Nin was dying, Marguerite Young said, gloomily, "There will be too many people at the funeral." Without the phenomenon of Nin's personality, which transfixed audiences, Young worried that the diaries and the anemic fiction would also be entombed.

The Gift for Perception

For Anais Nin, presence was her masterpiece. In an auditorium, in a letter to a reader, at a small dinner party, she had the ability — and, always, the desire — to make you feel like a favored one. She looked intently and saw, enveloping you in precisely the same bold, tender light which, in the diary, she focused upon herself.

Volume one, more than the others, conveys this gift for perception, and I think it will endure. It has already had an enormous effect on two generations of young women. At its worst, the first Nin diary is just a Bohemian analogue to the me-generation; at its best, it is an affirmation of liberation that could be understood even by the politically naive. A reader cabled to Nin's publisher: "Tell Anais Nin I am going to commit suicide." Nin telephoned: "Wait, we'll talk," and the woman decided to live.

The readers of Goethe's "The Sorrows of Young Werther" opted for suicide; the readers of Nin tried to learn how to live. Arriving at the same time as Sylvia Plath's confessional poetry of despair, Nin's first diary spawned a gritty, confessional school in prose. Kate Millett's reckless "Flying" would not have been possible without Nin, nor would Renata Adler's coolly idling "Speedboat," which was published in 1977, the year Nin died.

But much that appears in the later diaries is sentimental dross.

This final, mostly euphoric volume reports culminations: the flowering of fame, which came when she was well past 60; and, very soon thereafter, cancer.

There is a catalog of the tiresome responsibilities of celebrity: "Three days in Paris inside the Hotel Pont Royal constantly interrogated by journalists ... out only ... to meet more critics or to go to the radio station. Personal friendships, home life sacrificed to public life ... This is against what I believe."

But there is really very little posturing: "I am so happy that I have received all a writer can dream of — all of the love I have has been returned." Periodically she lists achievements — honorary doctorates, commencement speeches, interviews, compliments from Julio Cortazar, the Argentine surrealist novelist and poet.

The actual fabric of volume seven is rather threadbare — much of it being woven from letters she wrote (she must have made carbon copies) and received, and from snatches of lectures and articles.

But there is some fine handiwork here — portraits of Jeanne Moreau, Marguerite Young, a blighted Tennessee Williams. There is surprisingly little venom in the book, although Nin repeatedly espouses her mistrust of "the power men. Mailer, Vidal, Roth, hateful all." They represent a rival current in American letters, and they are, she feels, a pernicious enemy.

So, on occasion, are the more radical fringes of the women's liberation movement, whom she likens to "revolutionaries, the kind which guillotined anyone with clean nails." But Nin was a feminist, even if she was not always politically "correct."

'A Pioneer in Independence'

Indeed, one of the most interesting aspects of this diary is her jousting with the movement, whose criticisms she initially regards as a betrayal, then as ignorant. Finally, she digs in her heels: "Everyone knows now that I have at least half of the feminist women behind me, and many more who are not feminists but consider me a pioneer in independence, a heroine, a legend, a model." It was easy to forget that she was nearly half a century older than we were.

In New York, I remember her saying to an audience which did not know that she was entering the hospital for cancer treatment in the morning: "We must have the courage to relinquish those we cannot rescue." Nin's genius was for living, but she was not so bad at dying either. Long before the final illness overwhelmed her sensibility, she takes leave of us. The diary ends in Bali on her last romantic pilgrimage. Bali, of course.

Adrianne Blue is a contributor to The Sunday Times of London and to The New Statesman. She wrote this review for The Washington Post.

©The Washington Post

CHESS — By Robert Byrne

IT is not a bad strategy to get your opponent's hopes up by encouraging him to play a move that promises more than it can deliver. When the move does not produce the success that he thinks it deserves, he may become flustered and perhaps criticize himself for not having found a better follow-up. In this condition, he is a chicken ripe for the plucking.

Observe the effect of such strategy in the game between Nigel Short, a talented 14-year-old British master, and Grandmaster Viktor Korchnoi of Switzerland in the second round of the Phillips & Drew Kings International Tournament in London.

The move 5 P-Q4, in the Ruy Lopez is rarely seen because it is believed to relax the tension in the center prematurely. After 8 ... N-B4, the exchange of White's strong KB is assured.

Korchnoi afterward suggested that Short should have played 10 N-Q5, with the idea of impeding an advance of the Black QP, but Short could not resist 10 Q-KN4, looking forward to obtaining a clear superiority by 10 ... 0-0?!; 11 B-R6, N-K3; 12 B-N3, K-R1; 13 BxN, NPxB; 14 B-B5, P-Q3; 15 0-0-0.

However, after 10 ... K-B1, it was no great inconvenience for the Black king to forgo castling, and on 11 0-0, P-Q4, Korchnoi had a solid center to rely on.

Korchnoi pointed out that Short might have tried a possibly dangerous gambit with 13 P-B4, B-B4; 14 P-KN4!?, BxNP; 15 P-B5, but by now, Short was surely disenchanted with the result of his 10 Q-KN4 and unsure of how to proceed.

Probably Short should have regrouped by 15 Q-Q1 and 16 N-Q4 — in any case, his 15 B-K3?! allowed Korchnoi not to sweep forward in the center with 15 ... NxB; 16 BPxN, P-B4; 17 Q-Q1, P-Q5. And Short gave away another tempo with 18 B-B4?!, P-KN4, permitting Korchnoi to speed to a kingside attack.

Short hoped to contain the damage to his kingside with 26 K-B2, but after 26 ... R-N5!, he dare not stumble into 27 QxBP?, RxB!; 28 PxR (28 QxR?, Q-N7mate), B-R5ch, winning a piece.

Even the precaution of 27 R-N1 did not deter Korchnoi from the finely thought-out 27 ... RxB!; 28 PxR, B-R5ch; 29 R-N3 (29 K-B1?, Q-N4ch forces mate), BxRch; 30 PxB (30 KxB?, Q-N3ch; 31 KxP, Q-N7mate), which created a powerful passed KRP for Black.

Korchnoi/Black
Short/White
Position after 26 K-B2

After Korchnoi's 32 ... Q-K6!, Short had no time to develop his knight in view of 31 N-Q2?, Q-K6ch; 32 K-B1, B-Q6ch, forcing mate.

On 32 ... P-Q6!, it would have been useless to play 33 QxQ because Black could have forced the promotion of a pawn with 33 ... PxQ; 34 N-Q2, R-Q1; 35 K-K2, P-R7; 36 N-B3, R-Q8. In this same hypothetical line, varying with 36 R-R1, B-N5ch; 37 K-K3, B-Q8 would have produced a similar result.

After 34 ... P-R7ch!, the capture with 35 QxP would have led to 35 ... Q-Q8ch; 36 K-B2, Q-K7ch; 37 K-N1, Q-K8ch; 38 K-N2, B-K5ch; 39 K-R3, R-R1ch.

Korchnoi's 36 ... B-K5 left no defense against 37 ... R-R8ch, and Short gave up.

RUY LOPEZ

White (Short)	Black (Korchnoi)	White (Short)	Black (Korchnoi)
1 P-K4	P-K4	21 P-B4	P-B3
2 N-KB3	N-QB3	22 P-N4	P-N4
3 B-N5	P-Q3	23 P-N5	P-B4
4 P-Q4	B-Q2	24 P-R4	P-Q4
5 P-Q4	P-QR3	25 P-R5	P-Q5
6 B-R4	N-B3	26 K-B2	R-N5!
7 N-B3	P-KN4	27 R-N1	B-B4ch
8 Q-B2	P-N5	28 K-N2	B-K5ch
9 N-K5	N-K1	29 K-R3	R-R1ch
10 B-N3	P-B4	30 K-N2	P-R7ch
11 P-KB4	P-QB4	31 K-B1	Q-K6ch
12 Q-Q2	P-K3	32 K-B1	B-Q6ch
13 P-QR4	P-N3	33 K-K2	Q-K7ch
14 P-R5	P-B5	34 K-Q2	Q-Q8ch
15 P-R6	P-Q4	35 K-K2	P-R7
16 N-Q4	B-B4	36 N-B3	R-Q8
17 P-KB5	P-K4	37 K-K3	B-Q8
18 B-B4?!	P-KN4	38 K-N2	B-K5ch
19 B-K3?!	N-K2	39 K-R3	R-R1ch
20 P-B5	P-B3	Resigns	

Top Seeds at Wimbledon Advance in a Day of Scares

By Neil Amdur

WIMBLEDON, England, June 29 (NYT) — Wimbledon's appetizing feats saw five seeded men beaten yesterday, while Martina Navratilova, Tracy Austin, Evonne Goolagong Cawley and Virginia Wade reached the round of 16 after three-set scares.

Even Bjorn Borg and Jimmy Connors tasted the loss of tiebreakers before surviving the first week of the fortnight, although the second-seeded John McEnroe was an impressive 6-0, 7-6, 6-1 winner over Tom Okker.

The top-seeded Borg found surprising resistance from Rod Frawley, a 27-year-old Australian, before winning, 6-4, 6-7, 6-1, 7-5, and equaling Rod Laver's 31-match string of triumphs here. The third-seeded Connors was blitzed, 7 points to 1, in an opening tiebreaker by Heinz Gunthardt of Switzerland before settling in to win, 6-7, 6-2, 6-1, 6-4.

Two Qualifiers Gain

Yesterday's flurry of activity — there were no matches today — also put two qualifiers, Onny Parun of New Zealand and Kevin Curren of South Africa, in the last 16. Ended was Ilie Nastase's stormy holiday, with a 6-4, 3-6, 7-6, 7-6 loss to Peter Fleming, although Nick Saviano nearly re-established himself as Wimbledon's marathon man.

A day after he went four hours and 69 games to outlast Buster Mottram, the 24-year-old Saviano fought through 62 games and topped the ninth-seeded Pat DuPre, 7-6, 1-6, 4-6, 7-5, 11-9. Saviano is ranked only 102d on the player computer and will probably not win Wimbledon; he may not even survive his next match against Roscoe Tanner, but he is a symbol of what the game can produce to those who sincerely struggle to survive.

Besides DuPre, the other four seeded men to fall were Victor Pecci of Paraguay, seeded eighth; Ivan Lendl of Czechoslovakia, 10th; Stan Smith, No. 15, and Jose-Luis Clerc of Argentina, No. 16. However, a case could have been made ahead of time for each of their conquerors, particularly when computer numbers often overshadow other realities in the seeding.

Other Way Around

Phil Dent's 3-6, 6-2, 6-3, 6-1 victory over Pecci was a reversal of their second-round match here last year, which Pecci took in straight sets. But grass courts have been Dent's forte since his Australian childhood, and he says confidently, "I usually do well here."

Pity poor Lendl. Seeded here for the first time, the promising 20-year-old drew one of the game's hardest hitters, Colin Dibley of Australia, on a day when Dibley's serve was the dominant weapon and on a choppy No. 2 court that caters to sluggers.

Lendl had 3 set points that could have sent the match into a fifth set. Then, down match point, he broke a string on his first serve. He changed rackets, but, alas, served a match-ending double-fault and lost, 6-4, 3-6, 6-4, 7-6. The new Borg he is not, at least not yet.

Would It Were So

Brian Gottfried had the years on the 33-year-old Smith in their 6-2, 6-3, 6-2 match. The 33-year-old Parun's 3-6, 7-6, 6-4, 6-3 decision over Clerc again proved that an older, more experienced grass-court player (Parun reached the quarters here in 1971) can handle a younger pro whose background has come primarily on clay. Clerc's computer ranking is 19, Parun is 150. So much for computers.

There were few final surprises among the women, who will present an interesting array of fourth-round matches that may surpass the men's draw. But Tanya Harford, Barbara Potter, Betty Stove and Betsy Nagelsen were on the fringes of major upsets. Their problem was simply learning how to win as well as they competed.

Harford had several opportunities to end Navratilova's two-year reign as Wimbledon singles champion, during a match that was interrupted twice by light rain. Deftly slicing her backhand service returns cross-court, the 21-year-old South African had a break point on Navratilova's serve in the opening game of the third set and then served at 3-1, after a break in the third game. Despite those chances, however, Harford could not capitalize on the occasion, and Navratilova escaped, 6-3, 3-6, 6-3.

"Court two is an equalizer," the defending champion said of the atmosphere and different court conditions that seem to inhibit those stars who thrive on the showcase courts. "I don't think I would have lost a set on court one or the center."

Off to the Side

Potter's left-handed serve-and-volley game complicated Austin's chores on an adjacent field court. But in the third set, after Austin survived from deuce to 2-2, Potter dropped serve on a game-ending double fault. She served another double fault to lose serve at 15 in the seventh game that nullified an otherwise well-executed effort against the player who is drawing the most attention as a potential champion.

"I think a lot of it might be mental," Austin said, after her 6-2, 6-7, 6-2 victory, of the differences that separate champions from challengers. "Maybe on the big points. You win more of the big points. Maybe it's just a lot of the times we've been there before. It helps if you've won tough matches before."

Wade, the only British player left in the tournament, is a 1977 Wimbledon champion. The 23-year-old Nagelsen is a former U.S. national junior champion, who has never quite achieved her early promise, sidetracked by injuries. With Wade down a set and serving at 4-4 and deuce, Nagelson reached break point after her British rival netted a backhand volley.

Opportunity Arrives

The opportunity to break surfaced as Wade attacked. Three times Nagelson had the choice to pursue the lob or passing shot, with Wade volleying at the net. She opted for a lob, then a backhand slice and another lob that sailed long. After Wade held serve, to 5-5, an analyst on BBC Radio remarked, "Nagelson's a very nice girl, but not usually a winner."

The remark proved prophetic. Wade held on and won, 6-7, 7-5, 6-3, for a spot in the last 16 against Andrea Jaeger, the precocious 15-year-old American, who lost only one game in each set against Jane Stratton and has not dropped a set in three singles matches.

Borg's third-round match against Frawley had figured as another tuneup on the 24-year-old Swede's march to a semifinal date with Vitas Gerulaitis, who also won in four sets yesterday, from Bruce Manson.

Captures Tiebreaker

But Frawley, despite a tiring five-setter Friday, was unimpressed with Borg's credentials. The Australian showed his mettle by saving 2 set points and taking the third-set tiebreaker, 10 points to 8, with a backhand passing shot down the line.

Although Frawley lacked the tools, he managed to stay in the match against Borg. For an afternoon, Borg found himself in a competitive situation, of the same variety that characterized his early-round five-set matches en route to four consecutive Wimbledon crowns.

"The long tiebreaker took it all out of me," said Frawley, whose No. 55 computer ranking belied the quality of play. "I got nervous and tired in the third set, although I picked up a bit later. It has to be one of my best games."

Borg was not at his best, just as Connors lacked any intensity on his serve, although his ground strokes in the second and third sets clearly overwhelmed Gunthardt in an interesting center-court struggle. Then again, Borg has not needed much more to move through an almost perfect draw, even as he admitted last night, "Maybe I need to get used to the grass even more."

In third-round men's singles, John McEnroe defeated Tom Okker, 6-0, 7-6, 6-1; Peter Fleming defeated Ilie Nastase, 6-4, 3-6, 7-6, 7-6; Brian Gottfried defeated Stan Smith, 6-2, 6-3, 6-2; Phil Dent defeated Victor Pecci, 3-6, 6-2, 6-3, 6-1; Vitas Gerulaitis defeated Bruce Manson, 6-4, 4-6, 7-5, 6-4; Wojtek Fibak defeated Johan Kriek, 6-1, 6-4, 6-1.

Also, Onny Parun defeated Jose-Luis Clerc, 3-6, 7-6, 6-4, 6-3; Kevin Curren defeated Brian Teacher, 5-7, 6-2, 6-3, 6-1; Hank Pfister defeated Tim Gullikson, 4-6, 6-3, 7-5, 7-6, 6-2; Jimmy Connors defeated Heinz Gunthardt, 6-7, 6-2, 6-1, 6-4; Balazs Taracsy defeated Ramesh Krishnan, 6-3, 7-6, 6-2; Colin Dibley defeated Ivan Lendl, 4-6, 6-3, 6-4, 7-6. Biorn Borg defeated Rod Frawley, 6-4, 6-7, 6-1, 7-5; Nick Saviano defeated Pat Dupre, 7-6, 1-6, 4-6, 7-6, 11-9; Roscoe Tanner, defeated Paul McNamee, 7-6, 6-4, 6-4; Gene Mayer defeated Adriano Panatta, 6-3, 6-3, 6-2.

In third-round women's singles, Billie Jean King defeated Peanut Louie, 6-2, 6-2; Andrea Jaeger defeated Jane Stratton, 6-1, 6-1; Wendy Turnbull defeated Sherry Acker, 6-3, 6-2; Greer Stevens defeated Bettina Bunge, 6-4, 6-3; Hana Mandlikova defeated Ros Fairbank, 6-2, 6-4.

Also, Martina Navratilova defeated Tanya Harford, 6-3, 3-6, 6-3; Kathy Jordan defeated Pam Teeguarden, 6-4, 6-3; Terry Holladay defeated Sue Saliba, 6-2, 6-4, Lele Forood, defeated Betty Ann Dent, 6-2, 2-6, 6-3; Diane Fromholtz defeated Stacey Margolin, 6-4, 6-2.

Also, Pam Shriver defeated Barbara Jordan, 6-4, 6-4; Joanne Russell defeated Nina Bohm, 6-1, 3-6, 6-3; Chris Evert Lloyd defeated Lindsay Marsee, 6-1, 6-4; Tracy Austin defeated Barbara Potter, 6-2, 6-7, 6-2; Evonne Cawley defeated Betty Stove, 3-6, 6-2, 6-3; Virginia Wade defeated Betsy Nagelsen, 6-7, 7-5, 6-3.



Associated Press

With blood pouring from cuts around both eyes, Vito Antuofermo is checked by the referee as Alan Minter turns away during their championship fight.

Minter Beats Antuofermo Again

By Michael Katz

WEMBLEY, England, June 29 (NYT) — If there were any doubts about it the first time, Alan Minter won the middleweight boxing championship again here last night by cutting up Vito Antuofermo until the former title-holder's manager stopped the bloody battle after eight rounds.

It was no contest. Minter, the left-handed Englishman who gained a controversial split decision over Antuofermo last March 16 to become champion of both the World Boxing Association and World Boxing Council, won every round.

Antuofermo could not duck what he could not see. Three bad cuts around his eyes needed 15 stitches after the scheduled 15-round fight was ended before a capacity crowd of 10,300 at Empire Pool. And when it was over, and Minter went over to him to laud his courage, Antuofermo said: "Minter, you're a great champion."

"Now I can call him a champion," Antuofermo said later. "Before I couldn't because I thought I'd beat him. Now he's a real champion."

Minter, scoring his 39th victory against 5 defeats, attacked Antuofermo from the start. In the first round, he opened a cut over the Brooklyn, N.Y., resident's right eye. By the fourth round, Antuofermo could not see out of it.

In the third round, Minter opened a cut near the side of Antuofermo's left eye, and in the sixth he applied the final damage, a slash between Antuofermo's left eyelid and left eyebrow.

"After the fourth round, I couldn't see out of one eye," said Antuofermo.

At the end of the seventh round, Tony Carione, Antuofermo's manager, said: "That's enough, I'm going to stop it."

"Let me try one more round," Antuofermo pleaded.

In the eighth round, the cut affecting the eyelid became worse. Antuofermo said that he could not see out of either eye in the eighth. He kept moving forward, but his blind rushes were picked off by the sidestepping Minter even easier than before. The problem, however, was not so much Antuofermo's sight as it was Minter's blinding punches.

It was the 27-year-old Antuofermo's 5th loss against 45 victories and 2 draws, and he said that he would have to talk things over with his wife, Joan, and Carione before deciding whether to continue fighting.

Minter's next defense will be against Marvin Hagler, the No. 1 contender, in London in late September or early October.

Welterweights Move to the Top

By Dave Anderson

NEW YORK, June 29 (NYT) — In a crowd, they would not be noticed at a quick glance. They are relatively small men, usually chunky, occasionally slender, never more than 147 pounds. But when they climb into a ring in their satin robes, they tower over boxing. They are the welterweights.

As the new World Boxing Council champion, Roberto Duran is hailed now as pound for pound the best prizefighter in the universe, the symbol of the division, the conqueror of Sugar Ray Leonard, the previous WBC champion.

And there are three other welterweights of eminence — the World Boxing Association champion, Jose (Pipino) Cuevas of Mexico; Wilfred Benitez of Puerto Rico, unbeaten until he was dethroned as WBC champion by Leonard last year, and Thomas Hearns, the skinny slugger out of Detroit with a 28-0 won-lost record and 26 knockouts.

No other division currently has five boxers this good. And this young. Duran is 29 years old, Leonard 24, Cuevas 22, Benitez 21 and Hearns 21.

Way Back When

Maybe the welterweight division was this strong back when Barney Ross and Henry Armstrong were at their best nearly half a century ago. Only the oldtimers would know. But the youngtimers certainly can argue that this group of welterweights is as good, if not better.

And there are some youngtimers who believe that Duran is not the best of the welterweights now. Some insist that the best is the mysterious Cuevas, who will defend his WBA title against Hearns in the Joe Louis Arena on Aug. 2.

Cuevas' record is not flawless. He has won his last 12 fights, 11 by knockout, for a total of 27 victories, with 24 knockouts. But he has five losses, four early in his career and another in 1976 to Andy Price, a first-round knockout victim of Leonard last year.

The explanation is that Cuevas had only 19 amateur fights, he had to learn his trade as a pro. But he learned quickly. He was only 18 when he knocked out Angel Espada in 1976 for the WBA title.



UPI

Pipino Cuevas

Despite those early losses, Cuevas is the welterweight that boxing aficionados revere now in Mexico and in the border states with a Mexican population. According to a San Diego promoter, Ernie Fuentes, "he makes Rocky Marciano look like a sissy." His cold stare embellishes his reputation.

Until he arrived for a news conference last week, he had never been in New York, not even passing through. But when he appeared in the gate area at Newark Airport after a two-stop flight from Mexico City, that cold stare instantly distinguished him from the other passengers.

With that cold stare on his strong, serious face, the small, muscular man in the dark blue suit had to be the fighter. People in other professions don't have a face like his. Most fighters don't even have a face like his.

In the cruel romance of boxing, a Mexican fighter usually is pictured as getting off a bus in a dusty California town, an opponent imported for the occasion of losing to the resident contender. But this was not another Mexican fighter; this was Cuevas who was traveling in the style befitting a champion guaranteed $750,000 after taxes for the Aug. 2 title bout by Harold Smith and Sam Marshall of Muhammad Ali Pro Sports, the Los Angeles-based promotional firm. Cuevas's manager, greyhaired Lupe Sanchez, was with him. So were six other friends. Two limos were waiting to whisk them to the Waldorf Astoria.

"Pipino says that Duran won a very good fight," his interpreter, Rosa Cordero, was saying now in one limousine. "He says he was surprised. He thought Leonard would win because he is faster.

"But if Pipino fights Duran, he says he will knock out Duran because Duran's style complements him very well. They come at each other. It would be a collision fight and the stronger puncher would win. He says that he is the stronger puncher. Back when Duran was a lightweight, Duran was a very good puncher, but not as a welterweight. Pipino knows that he hits harder than Duran or any other welterweight."

"Harder than Hearns? Will he knock out Hearns?"

"Yes, definitely. He punches harder than Hearns."

"Is his left hook Pipino's best knockout punch?"

"He has knocked out boxers with either hand but he says his left hand is his best, his left hook."

"What makes him a great puncher?"

Further Comparisons

Before the champion could answer, Sanchez, resplendent in an embroidered grey shirt, interrupted.

"Lupe says," Rosa Cordero translated, "that a puncher like Pipino only comes to the world once every 25 years."

"Who was the great puncher 25 years ago?"

"Lupe says Pipino is the best puncher since Sugar Ray Robinson, who was the best puncher who ever existed."

"How did Lupe come to manage Pipino?"

"His father told Lupe that Pipino was always fighting in school. That was when Pipino was about 14, one of 11 children — 6 girls and 5 boys. His father is a butcher and his father asked Lupe to take Pipino to Lupe's gym and make a fighter out of him. Lupe says that in the 44 years he has had boxers, he never had one with the attitude, the strength, the iron that Pipino has. Lupe says that Pipino is destructive."

"Had do they explain the early losses?"

"Lupe says that sometimes when you see a boxer, you make a mistake. You see a boy and you say he'll be a great champion but after three or four fights, their career goes down. But others, after three or four losses, they turn. After his early losses, Lupe says that Pipino told him, 'I have to win.'"

"Why do Mexican fighters have the reputation as tough fighters?"

"Lupe says because the Mexican fighters have the blood inside them that they always want to fight, that they always want to win — the hot blood."

And the cold stare.

Trevino and Barber Tie For Memphis Golf Lead

MEMPHIS, Tenn., June 29 (UPI) — Lee Trevino and Miller Barber both shot 68s yesterday to tie for the lead at 13-under-par 203 after three rounds of the Memphis Classic golf tournament.

Three shots back was Tom Purtzer, who had a 71 yesterday. Jerry Pate, who led through two rounds before soaring to a 2-over-par 74 in the third round, was tied for third place at 9-under-par with Danny Edwards. He started the third round at 4-under-par and shot a 67 to go with a 69 and 71.

"I played pretty good but I didn't hit it as close as I did the last few days," Trevino said, adding that if he could shoot another 68 in the final round he would be happy.

"Seventeen-under would satisfy me," Trevino said. "If it's not good enough to win, I'll have to try again next year."

Littler's Record

The tournament record at the par-72 Colonial course is 18-under, set by Gene Littler in 1975.

Kingman Rejoins Cubs

CHICAGO, June 29 (UPI) — The Chicago Cubs reactivated slugger Dave Kingman from the 15-day disabled list yesterday. He was sidelined with a shoulder injury and has missed 25 games this season.

Trevino said a stiff back that bothered him in the second round was not a problem yesterday. "I did some stretching exercises this morning and I didn't eat today before I played," he said. "I had a lot more flexibility."

Sweltering temperatures sent several spectators and a caddy to the first aid tent, but no players reported any serious problems with the heat.

Barber said he might have lost five pounds while playing in the 96-degree heat yesterday. "Going down the last fairway it was questionable whether I'd make it to the green."

Barber started the third round at 9-under-par with a 70 and 65 in the opening rounds. He took his first birdie yesterday on the par-3 third hole but followed with a bogey on the next hole. The 21-year tour veteran stroked back-to-back birdies on holes 11 and 12 and added three birdies before going to the clubhouse.

The threesome of Larry Ziegler, Tom Weiskopf and Tommy Aaron made PGA history on the par-5 18th hole as each scored an eagle, the first time such a feat has been accomplished by a threesome on the tour. All three golfers finished with 71 in the third round and had identical three-day totals of 214.



Associated Press

Tired of all the speculation about his love life, Ilie Nastase introduced his new girl friend after losing at Wimbledon.

French Grand Prix Captured by Jones

LE CASTELLET, France, June 9 (AP) — Alan Jones, driving a Williams, won the French Grand Prix today, crossing the finish line just 4.5 seconds ahead of Didier Pironi in a Ligier.

The victory gave Jones a three-point lead in the world drivers' championship at the halfway point of the season.

While asserting that it "wasn't exactly a revenge" for losing his nine victory points when the last race in Spain was declared illegal, Jones said, "It feels good. It couldn't have come at a better time, psychologically. Now I lead the world championship with or without Spain — though I still believe I have those Spanish points."

Midway Lead

Jones took the lead at the 34th of the 54 laps from Jacques Laffite in the other Ligier. Laffite had pulled out to a fast lead at the start. Both men said the overtaking maneuver was fair.

Laffite, racing a spare car after his regular car developed problems, finished third behind Pironi. Nelson Piquet was fourth in a lonely race in Brabham.

Jones' winning time was 1 hour 2 minutes 43.42 seconds at an average speed of 126.8 miles an hour. It also set a lap record of 1 minute 1.45 seconds at 128.032 mph, only 2 laps from the finish.

The race was run under a flag of truce in the war between the teams and the world sanctioning body. They reopen peace negotations in Paris tomorrow after many teams had threatened to boycott this event.

From the flag, Laffite took the lead, quickly pulling out more than five seconds ahead of the pack. Jones ran fourth, then third, then overtook Pironi for second on the eighth lap, settling into the long chase after Laffite. Laffite said his car understeered badly and his tires degraded until he could no longer hold off either Jones or Pironi.

French Grand Prix

1. Alan Jones, Australia, Williams, 1 hour 22 minutes 43.42 seconds. Average speed 126.8 mph (203.016 kph)
2. Didier Pironi, France, Ligier, 1:22.47.94
3. Jacques Laffite, France, Ligier, 1:22.13.68
4. Nelson Piquet, Brazil, Brabham, 1:23.58.28
5. Rene Arnoux, France, Renault, 1:23.59.57
6. Carlos Reutemann, Argentina, Williams, 1:24.00.16
7. John Watson, Ireland, McLaren, one lap behind
8. Gilles Villeneuve, Canada, Ferrari, one lap
9. Riccardo Patrese, Italy, Arrows, one lap
10. Jochen Mass, West Germany, Arrows, one lap
11. Eric Daly, Ireland, Tyrrell, two laps
12. Jody Scheckter, South Africa, Ferrari, two laps
13. Emerson Fittipaldi, Brazil, Fittipaldi, four laps
14. Jean-Pierre Jarier, France, Tyrrell, four laps

Grand Prix Standings

1. Alan Jones, 28 points
2. Nelson Piquet, 25
3. (tie) Rene Arnoux, 23
3. (tie) Didier Pironi, 23
5. (tie) Carlos Reutemann, 16
5. (tie) Jacques Laffite, 16
7. Riccardo Patrese, 7
8. Elio de Angelis, 6
9. Emerson Fittipaldi, 5
10. (tie) Keke Rosberg, 4
10. (tie) Jochen Mass, 4
12. (tie) Derek Daly, 3
12. (tie) Alain Prost, 3
12. (tie) John Watson, 3
12. (tie) Gilles Villeneuve, 3
16. (tie) Bruno Giacomelli, 2
16. (tie) Jody Scheckter, 2
16. (tie) Jean-Pierre Jarier, 2

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Reuss of Dodgers Pitches No-Hitter

SAN FRANCISCO, June 29 (UPI) — Jerry Reuss, considered washed up two seasons ago, pitched the first no-hitter of the season here Friday night and led Los Angeles to an 8-0 victory over the Giants. Reuss, a 31-year-old left-hander, became the first Dodger to pitch a no-hitter since Bill Singer did it July 20, 1970, against Philadelphia.

The only Giant to get on base was Jack Clark, who reached first in the opening inning on a throwing error by shortstop Bill Russell. The shutout was Reuss' fourth of the season and extended his streak of scoreless innings to 24.

Reuss (9-1) struck out two and was aided by a fine play by third baseman Ron Cey in the eighth. Cey made a diving stop of Larry Herndon's smash and threw out the Giant center fielder.

Reuss had the crowd of 20,285 on its feet in the ninth as he neared the first no-hitter of his career. He got Mike Sadek on a grounder to Cey and then retired pinch-hitter Rennie Stennett on a ground ball to Russell. He handled the final out himself, as Bill North hit a comebacker.

Baker Leads Attack

The Dodgers made things easy for Reuss by scoring five runs in the fifth off Vida Blue, paced by Dusty Baker's three-run homer, his 17th.

Reuss, then a Pittsburgh Pirate, was 10-13 in 1977 and was hit hard at the start of the 1978 season. Many figured he was finished in his seventh major-league camapign and Pittsburgh traded him to the Dodgers in April, 1979, for pitcher Rick Rhoden. Reuss spent two months in the Dodger bullpen before moving into the starting rotation and performing well for the rest of last season.

Reuss said he began to think about the no-hitter "from the very first inning. Something in my head said maybe tonight was the night. From then on I said I was going to challenge the hitters with my best pitch.

"They weren't going to get a hit off a bad curveball or change-up. I said 'Here it is, if you want a hit, you're going to have to get it yourselves. I'm not going to give it to you.'" His sinker was working to perfection: 17 Giant outs came on ground balls.



Jerry Reuss

Pirates 6, Expos 4

In Montreal, pinch-hitter John Milner's two-run single highlighted a four-run rally in the sixth that gave Pittsburgh a 6-4 victory over the Expos.

Astros 5, Reds 4

In Houston, Jose Cruz tripled over the head of center fielder Cesar Geronimo to drive in two runs in the eighth, enabling the Astros to beat Cincinnati, 5-4. Cruz' game-winner helped Joe Niekro to his eighth victory in 14 decisions.

Mets 3, Phillies 2

In Philadelphia, Lee Mazzilli's inside-the-park home run touched off a three-run sixth that enabled New York to down the Phillies, 3-2, and snap Steve Carlton's eight-game winning streak. Carlton (13-3) struck out six Mets in seven innings to set a club record with 1,873 strikouts.

Braves 5, Padres 3

In San Diego, Gary Matthews' single touched off a four-run eighth that carried Atlanta to a 5-3 victory over the Padres. The Braves touched loser John Curtis and reliever Rollie Fingers for four straight hits in the inning to break a 1-1 tie.

Cardinals 3, Cubs 2

In Chicago, Keith Hernandez singled in Garry Templeton from third with one out in the 12th to give St. Louis a 3-2 decision over the Cubs. Templeton hit a one-out triple to right-center, and Hernandez followed with his line single to right. Bobby Bonds opened the game with his 35th career leadoff home run, extending his major-league record.

Rangers 5, Twins 0

In the American League, in Arlington, Texas, Gaylord Perry pitched a four-hitter that carried the Rangers to a 5-0 triumph over Minnesota. Perry (4-6) allowed only one runner past second and did not walk a man in pitching the 52d shutout of his career.

Red Sox 3, Orioles 2

In Boston, Butch Hobson's single in the sixth inning scored Fred Lynn with the winning run in the Red Sox' 3-2 victory over Baltimore. Chuck Rainey (8-3) and Tom Burgmeier combined on a seven-hitter.

Tigers 7, Blue Jays 2

In Toronto, Lance Parrish hit a three-run homer and Richie Hebner singled in two runs to back Jack Morris' eight-hitter, pacing Detroit to a 7-2 triumph over the Blue Jays.

Indians 2, Yankees 0

In New York, Rick Waits pitched a seven-hitter for his first shutout of the season as Cleveland downed the Yankees, 2-0. The Indians snapped a six-game losing streak at Yankee Stadium.

A's 3, Chicago 1

In Oakland, Calif., Mike Norris' four-hitter lifted the A's past Chicago, 3-1. In one mid-game stretch, Norris (9-5) retired 15 batters in a row.

Royals 2, Mariners 1

In Seattle, Rich Gale and Dan Quisenberry combined on a four-hitter and Frank White and Willie Aikens hit home runs to power Kansas City past the Mariners, 2-1. Seattle's run came on a two-out ninth-inning homer by Jim Anderson.

Angels 6, Brewers 5

In Anaheim, Calif., Jason Thompson's sacrifice fly delivered Bert Campaneris from third in the ninth, capping a two-run rally, as the Angels downed Milwaukee, 6-5.

Canada Cup in '84

STENUNGSUND, Sweden, June 29 (UPI) — The International Ice Hockey Federation has ruled that there will be no Canada Cup tournament before 1984. Hockey Canada canceled the Canada Cup this year because of the Soviet invasion of Afghanistan.

Major League Standings

AMERICAN LEAGUE

East	W	L	Pct.	GB
New York	45	25	.643	—
Milwaukee	39	30	.565	5½
Detroit	37	30	.552	6½
Boston	38	32	.543	7
Baltimore	36	33	.525	7½
Cleveland	34	34	.500	10
Toronto	31	37	.456	13
West				
Kansas City	44	28	.611	—
Chicago	34	36	.486	9
Texas	34	37	.479	9½
Oakland	32	40	.444	12
Seattle	31	41	.431	13
Minnesota	29	42	.408	14½
California	24	45	.348	18½

NATIONAL LEAGUE

East	W	L	Pct.	GB
Montreal	38	29	.567	—
Pittsburgh	37	33	.529	2½
Philadelphia	35	32	.522	3
New York	34	36	.486	5½
Chicago	30	38	.441	8½
St. Louis	30	41	.423	10
West				
Houston	42	27	.609	—
Los Angeles	41	30	.577	2
Cincinnati	37	33	.529	5½
San Francisco	32	39	.451	11
San Diego	32	41	.438	12
Atlanta	30	39	.435	12

Major League Leaders

BATTING
(Based on 288 at bats)

NATIONAL LEAGUE

	G	AB	R	H	Pct.
Smith, LA	65	225	36	76	.338
Hernandez, St.L.	70	266	52	89	.335
Griffey, Cin	65	252	46	80	.318
Templeton, St.L.	71	309	48	98	.317
Hendrick, St.L.	70	265	38	84	.317
Cruz, Hou	68	257	33	81	.315
Cromartie, Mtl	68	260	28	81	.312
Raitz, St.L.	71	263	27	81	.308
Henderson, NY	58	221	26	68	.308
Simmons, St.L.	66	218	43	66	.303

AMERICAN LEAGUE

	G	AB	R	H	Pct.
Carew, Cal	67	259	33	90	.347
Cooper, Mil	62	254	38	85	.335
Orta, Clev	60	225	37	75	.333
Ogilvie, Mil	65	247	32	82	.332
Yount, Mil	68	245	52	81	.331
Bumbry, Balt	70	276	51	91	.330
Bell, Tex	51	200	31	66	.330
Wathan, KC	59	217	25	71	.327
Trammell, Det	64	226	32	77	.326
Remy, Bos	56	208	23	66	.317

HOME RUNS

NATIONAL LEAGUE — Schmidt, Phil 21; Baker, LA 17; Garvey, LA and Hendrick, St.L. 16; Luzinski, Phil 15.

AMERICAN LEAGUE — Ogilvie, Mil 20; Jackson, NY 18; Thomas, Mil 15; Armas, Oak 14; Rice, Bos, Nettles, NY and Mayberry, Tor 13.

RUNS BATTED IN

NATIONAL LEAGUE — Hendrick, St.L. 60; Garvey, LA 58; Schmidt, Phil 56; Baker, LA 49; Smith, LA 48.

AMERICAN LEAGUE — Perez, Bos and Oliver, Tex 55; Ogilvie, Mil 53; Hebner, Det 50; Cooper, Mil and Armas, Oak 49.

STOLEN BASES

NATIONAL LEAGUE — Moreno, Pitt 44; LeFlore, Mtl 42; Collins, Cin 31; Scott, Mtl 26; Law, LA 25.

AMERICAN LEAGUE — Wilson, KC and Henderson, Oak 32; Dilone, Clev 23; Cruz, Sea 21; Wills, Tex 20.

PITCHING
VICTORIES

NATIONAL LEAGUE — Carlton, Phil 13-3; Reuss, LA and Bibby, Pitt 9-1; Pastore, Cin and Richard, Hou 9-4; Blue, SF 9-5; Rogers, Mtl 9-6.

AMERICAN LEAGUE — Stone, Balt, Gura, KC and John, NY 10-3; Norris, Oak 9-5; Morris, Det 9-6.

EARNED RUN AVERAGE
(Based on 78 innings pitched)

NATIONAL LEAGUE — Reuss, LA 1.88; Richard, Hou 1.90; Carlton, Phil 1.93; Welch, LA 2.16; Palmer, Mtl 2.27.

AMERICAN LEAGUE — Gura, KC 2.09; Burns, Chi 2.16; Norris, Oak 2.55; Clancy, Tor 2.60; Honeycutt, Sea 2.81.

STRIKEOUTS

NATIONAL LEAGUE — Carlton, Phil 141; Richard, Hou 107; Ryan, Hou 87; Niekro, Atl and Bibby, Pitt 79.

AMERICAN LEAGUE — Goldry, NY 91; Keough and Norris, Oak 80; Bannister, Sea and Matlack, Tex 74.

SAVES

NATIONAL LEAGUE — Sutter, Chi 17; Allen, NY 13; Hume, Cin 11; Sambito, Hou, Fryman, Mtl, Tekulve, Pitt and Fingers, SD 9.

AMERICAN LEAGUE — Farmer, Chi 17; Quisenberry, KC 14; Burgmeier, Bos 13; Gossage, NY 11; Stoddard, Balt 10.

Springboks Beat Lions Third Time

From Agency Dispatches

PORT ELIZABETH, South Africa, June 29 — A converted late try from a quick lineout throw-in gave South Africa victory yesterday, 12-10, in a rugby union test match that the British Lions' forwards had seemed bound to win.

With this third victory, the Springboks won the four-test series that began in Cape Town on May 31. The fourth test, in Pretoria on July 12, is now a formality.

Ten minutes from the end, the Lions led in the rain here by a try and two penalties to a drop and a penalty. Quick thinking by the Springboks, a lapse of concentration among the Lions' backs and the difficult conversion by Naas Botha then sewed up the series for South Africa.

Language

Slow Down Faster

By William Safire

NEW YORK (NYT) — An apology is due to The Journal of Commerce, a newspaper that was shut down during the Civil War by a repressive Republican administration, for a hoot of derision recently at a headline that read: "Slowdown Is Accelerating."

That metaphor was neither skewed nor mixed. Although a contradiction is apparent, the contradiction is not real, as many physics students and other velocity freaks have pointed out.

"Acceleration is commonly thought of as the rate of change of velocity," writes Ted Senator of Ithaca, N.Y. "Hence, positive acceleration refers to a speedup and negative acceleration (or deceleration) to a slowdown." But such common thought is mistaken: "Velocity is the rate of change (with respect to time) of position, and acceleration the rate of change of velocity."

In case that whizzed past you in slow motion, consider this example by Jeffrey Saldinger of New York City: "A car going 60 miles per hour slows uniformly to 57 miles per hour in three seconds, then from 57 to 50 in the next three seconds, and finally from 50 to 30 in the next three. The car has been slowing down more and more with every three seconds — hence, an accelerating slowdown."

In common use, "accelerate" means "to go faster"; in technical use, it means the rate at which you go either faster or slower. The language is biased, then, in the direction of increased speed: for example, there is a "speedup" but no "speeddown." Such are the brakes.

* * *

Ethnic slurs draw harsh rejoinders, but occupational derogations — especially colorful or imaginative ones — no longer get people's danders up. Lawyers may threaten action at shyster, and some doctors grow choleric at quack, but most auto mechanics do not race their engines at grease monkey, nor would most dancers kick about hoofer.

The world of medicine is rife with occuslurs: from chiropractors who are called bone crushers to doctors and pharmacists who wish patients would dispense with pill pusher and pill peddler to surgeons who answer to sawbones. The most common mild derogation — often spoken with affection — is shrink for psychiatrist, from the witch doctor's practice of shrinking heads. Dentists have been known to gnash their teeth at molar masher, but that field is poor in occuslurs — nothing dentured, nothing gained.

Businessmen hang lively monikers on each other's specialties. A bean counter is, as aspiring bookkeepers know, an accountant; a headhunter, etymological cousin to the jungle shrink, is an executive recruiter.

* * *

In seeking aid on this valuable linguistic project, I erred in calling a bureaucrat a paper pusher: "You mixed a slur," writes Winsor Lott of Guilderland, N.Y. "The proper way to slur a bureaucrat is to call him or her a paper shuffler, not a paper pusher. You've obviously mixed paper shuffler with pencil pusher, which is just another name for a thumbsucker."

Thumbsucker is the new term for pundit — from the Hindu for "learned person" — which Time magazine popularized to mean "long-headed commentator"; surely such media biggies are a more deliberative breed of pencil pushers. At least these terms are not as pejorative as numbers cruncher, applied to a researcher, financial analyst or pollster who bends a statistic to fit a favored theory, or who puts too much faith in figures.

Some of the zip has gone out of the airline industry as the sexless flight attendant has replaced the breezy stew, and your captain speaking has taken over from sky jockey (are all captains named Speaking?). Only hangar rat remains to add color to those who hang around aircraft.

Some of the best designations hang in there — roughnecks still work the oil rigs and sandhogs dig the tunnels — but farmers, or agribusinessmen, no longer hear sodbuster or clodhopper. Layers of railroad track are hardly ever called gandy dancers.

In politics, a hanger-on who likes to be called a "key aide" is usually referred to as a gofer (because he'll go fer coffee).

Some professions are more sensitive than others: volunteer firemen shrug off winkies, but public-relations people flare up at flack, often preferring the new "public-policy adviser."

Letter From Poland

Tweaking Communism in Cracow

By John Darnton

CRACOW, Poland (NYT) — Every year Cracow gives itself over to students for three days. It is an annual rite called Juvenalia, and since there are 60,000 students enrolled in 12 universities, it is a brave thing for a city to do.

The students have their own mayor, their own functionaries, even their own police force. They do not exactly run the city, but they certainly have the run of it. They ride free on the trams, put on street theater and, in theory, are entitled to free meals in restuarants.

As might be expected, the hijinks sometime take on political coloration. One of the delicacies served at the Viennese Pastry Shop in the medieval Clothier's Hall is called Russian Cake; a favorite trick in past years was for a student to parade up and down with a sandwich board. In front it would read, "I don't like Russian," on the back, "Cake."

That is pretty mild fare as far as political statements go, so a resident was caught off guard this year when he was driving to Wawel Cathedral and was stopped by a roadblock manned by students in battle gear demanding tolls. As the driver handed over a 5-zloty piece he got a look at their headbands which bore the word "Afghanistan."

"Irony is a weapon of the weak," said a professor of history from Jagiellonian University over lunch at the Farncuski Hotel. He was alluding to Cracow's reputation as a center of learning, a patron of the arts and a cradle of political satire.

The love of beauty and books is imprinted on the city. The medieval Old Town is dotted with dusty secondhand book and print shops nestled between stone retaining walls. Plaques mark the hotels and taverns that served as lodgings, however fleeting, for writers such as Balzac and Goethe.

'Tourist Art'

A government guide tells a visitor to cover his eyes when passing the 14th-century defense wall near Florianska Gate because it is hung with "tourist art," garish canvases of horse heads, floral arrangements and topless maidens reclining on velvet.

In the central market square, designed in 1257 by Duke Boleslaw the Shy, student vagabonds lean against their backpacks and strum such outdated anthems as "We Shall Overcome" and "I Can't Get No Satisfaction." Their presence is reassuring, like that of the pigeons, meaning that the city is a nice place to roost.

Cracow's reputation as a hotbed of liberal anti-bourgeois thinking goes back to the dark days of the 18-century partitions of Poland. The city was under Austrian rule, which was not as rigid as Prussian or Russian control in other regions, so poets and painters flocked here. Their works and satirical cabarets deplored the idea of kowtowing to imposed authority.

That tradition endures. Cracow today is the home of the most heavily censored and most sought-after weekly newspaper, Tygodnik Powszechny, which functions as the voice of the Roman Catholic Church and often takes on the Communist Establishment.

Different Look

The underground teaching network called the Flying University, which gives a different look at history and literature, has been crippled by the police in other cities, but it is going strong here. One reason is that Cardinal Karol Wojtyla, shortly before his election to the papacy, placed it under sanctuary by allowing church property to be used for seminars.

Even the political cabarets are thriving. The most famous is Michaik's Den, which opened in 1907. In a recent skit four actors simply read editorials from the main party newspaper to the accompaniment of a jazz trio. It had the audience in stitches, but technically the censors could find nothing objectionable.

"A few years ago the cabarets were closed. Then one day Jean-Louis Barrault came to town and mentioned that he would like to go to one. The authorities ran around frantically to get in touch with actors. They've been open ever since."

"A few years ago the cabarets were closed," the history professor recalled. "Then one day Jean-Louis Barrault came to town and mentioned that he would like to go to one. The authorities ran around frantically to get in touch with actors. They've been open ever since."

Cracow cherishes its legends the way a miser polishes his gold pieces. Ask how the city was founded and you will be told about a prince named Krak who slew a dragon in his lair under Wawel Hill and erected a castle there.

Every hour on the hour a fireman raises a bugle in the Mariacka Tower and plays a tune to the four points of the compass. The tune breaks off abruptly, and there is no record of how it should continue. The custom dates from the 14th century. According to legend it commemorates a watchman who was warning the town of a Tatar attack when an enemy arrow pierced his throat and arrested his song.

In World War II Cracow was spared extensive damage in recapture when a Soviet general outwitted the Germans by a flanking maneuver, but since then it has been badly neglected and the authorities are trying to rescue its historic buildings with a vast reconstruction project.

The project has yielded unusual dividends. In the subsoil of an ancient cellar workmen came upon a decayed box that contained oddly shaped iron bars. It is thought the bars were used as money in the eighth century; their discovery led local historians to conclude that Cracow's social life began a century earlier than had been thought.

Other workmen digging a foundation struck deep into the dirt and uncovered a pit extending 40 feet into the ground. Then another and another, 50 in all. The pits were used as subterranean garbage dumps in the 14th century and contain all manner of artifacts.

"Broken glasses, ceramics, shoes, spoons, bits of plate," said an official with the restoration project. "You can't imagine what medieval society wanted to get rid of."

Archaeologists are carefully examing the discarded objects. When they are finished they will mount an exhibition made up entirely of rubbish.

Perhaps it was unavoidable that a city as liberal, intellectual and tradition-bound would clash with the Communist planners' vision of what Poland should be.

In the 1950s the government constructed the huge Lenin steel mill on the outskirts of town and around it a sprawling workers city called Nowa Huta, which was to be the spawning ground of the new Communist man.

In the '60s Nowa Huta filled up with peasants hungry for city work. Old-time Cracovians told stories of how they put chickens in their bathtubs and never went near the methodically planned subdivision of monotonous concrete high-rise apartment buildings.

Nowa Huta employs 40,000 people. They have their own shopping center, movie theaters and hospitals and are even getting two universities.

"The population tries instinctively to keep in touch with the past," a resident writer commented. "The authorities tried deliberately to cut it. That was what Nowa Huta was all about. And they failed.

"And now what has happened? You find that people from Nowa Huta jump on the tram and travel for half an hour just to do their shopping here." Such, he seemed to be saying, is the power of history, legend and art.

PEOPLE: *World's Oldest Man Turns 115 in Japan*



UPI

Shigechiyo Izumi

About the only thing that bothers him is the hordes of visitors seeking his secret to a long life. **Shigechiyo Izumi**, listed by the Guinness Book of Records as the world's oldest man, celebrated his 115th birthday yesterday in good health. Townspeople in Isen on Tokunoshima Island, 230 miles south of Kyushu, Japan, honored Izumi with folksongs and dances at a school gymnasium. His grandniece, **Yorie Izumi**, said the ancient man is "living just the way ordinary, younger people do" — except, of course, for the 200 or so people, many of them newlyweds, who visit him daily to ask how he does it. His standard answer: "Don't go to extremes."

* * *

The 11-member board of the Dakota, one of New York's most famous apartment buildings, has ruled against rock star **Billy Joel's** request to purchase an apartment in the fashionable old cooperative on Central Park West. The board reportedly was bothered by Joel's having acknowledged in interviews that he is a drug user, and it was feared that his presence would aggravate the problem the Dakota already has with pop music "groupies." Former Beatle **John Lennon** and his wife, **Yoko Ono**, live in the landmark building, whose other famous residents include **Roberta Flack**, **Lauren Bacall** and **Gilda Radner**. The board was said to have been governed by "a growing feeling that there are already enough celebrities, and not enough families, in the building."

* * *

Salvador Dali, 75, who has been in and out of hospitals and clinics trying to shake off a prolonged attack of the flu, was released from a Barcelona hospital late last week and returned to his summer home in Cadaques, on Spain's Costa Brava. His secretary said the master of surrealism would spend several months recuperating there.

* * *

A London escape artist claimed a new world record after wriggling out of a straitjacket in 30 seconds while suspended upside down from a helicopter 2,700 feet in the air. **Tim Robinson**, 28, an electrician from Wimbledon, claimed the record for the highest escape suspended in a straitjacket. The previous holder, according to the Guinness Book of Records, was **Bill Shirk** of Indianapolis, who got out of a straitjacket in 22.5 seconds while dangling from a helicopter 1,610 feet above ground on Aug. 7, 1977. Robinson, whose boots were chained to the helicopter as he freed himself above a south London airfield, already holds the Guinness record for lying on a bed of nails — 65 hours, 43 minutes and 21 seconds in June, 1977.

* * *

Fred Astaire, 81, and jockey **Robyn Smith**, 35, were married last week in the dancer's Beverly Hills mansion, a family friend has announced. Astaire refused to comment on the ceremony other than to say, through a friend, that only family and close friends attended the rites. The couple left Southern California for a honeymoon at an undisclosed destination Saturday.

* * *

The Newport Jazz Festival has swung to a beginning with "A Tribute to **Charlie Parker**." Musicians who worked with the alto saxophonist, knew him and were influenced by him performed in combo at Carnegie Hall, then did the show for another audience an hour later at Avery Fisher Hall. Jazz historian **Ira Gitler** noted that 60 years after Parker's birth and 25 years after his death, "he continues to grow in stature. A new generation of players and listeners are discovering his genius." Pianist **Joe Albany**, who played with Parker in the 1940s when he was a key figure in the bebop revolution, started the evening with "Blues for Bird." The first set was led by pianist **Jay McShann** with whose Kansas City band Parker first recorded.

—SAMUEL JUSTICE

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